

SEC70

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THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
)
) File No. HO-13388-A
KIK INTERACTIVE INC.)

WITNESS: Jake Brukhman

PAGES: 1 through 227

PLACE: Securities and Exchange Commission
200 Vesey Street

New York, New York 10281

DATE: Wednesday, July 11, 2018

The above-entitled matter came on for hearing,
pursuant to notice, at 9:09 a.m.

Diversified Reporting Services, Inc.

(202) 467-9200

<p style="text-align: center;">Page 2</p> <p>1 APPEARANCES:</p> <p>2 On behalf of the Securities and Exchange Commission:</p> <p>3 JEFFREY LEASURE, ESQ.</p> <p>4 BRENT MITCHELL, ESQ.</p> <p>5 JAMES MURTHA, ESQ.</p> <p>6 Securities and Exchange Commission</p> <p>7 Division of Enforcement</p> <p>8 Brookfield Place, Suite 400</p> <p>9 200 Vesey Street</p> <p>10 New York, New York 10281</p> <p>11</p> <p>12</p> <p>13 On behalf of the Witness:</p> <p>14 PAUL J. ROSHKA, JR., ESQ.</p> <p>15 Polsinelli</p> <p>16 One East Washington Street, Suite 1200</p> <p>17 Phoenix, Arizona 85004-2568</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: center;">Page 4</p> <p>1 C O N T E N T S</p> <p>2 WITNESS EXAMINATION</p> <p>3 Jake Brukhman 7</p> <p>4</p> <p>5 EXHIBITS: DESCRIPTION IDENTIFIED</p> <p>6 59 Subpoena 9</p> <p>7 60 E-Mail, Bates Stamped 108</p> <p>8 COINFUND10967</p> <p>9 61 CoinFund Engagement 114</p> <p>10 Agreement, Bates Stamped</p> <p>11 COINFUND5973</p> <p>12 62 E-Mail Chain, Bates 126</p> <p>13 Stamped COINFUND11441</p> <p>14 63 E-Mail, Bates Stamped 153</p> <p>15 COINFUND012600</p> <p>16 64 Multi-Page Document, 167</p> <p>17 Bates Stamped</p> <p>18 COINFUND20094</p> <p>19 65 E-Mail, Bates Stamped 185</p> <p>20 COINFUND11319</p> <p>21 66 E-Mail With Attachment, 194</p> <p>22 Bates Stamped</p> <p>23 COINFUND20083</p> <p>24</p> <p>25</p>
<p style="text-align: center;">Page 3</p> <p>1 APPEARANCES: (Cont'd)</p> <p>2</p> <p>3 On behalf of the Witness(cont.):</p> <p>4 MICHAEL M. BESSER, ESQ.</p> <p>5 Polsinelli</p> <p>6 2950 N. Harwood Street, Suite 2100</p> <p>7 Dallas, Texas 75201</p> <p>8</p> <p>9 Also Present:</p> <p>10 Adam Venturini, Videographer</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: center;">Page 5</p> <p>1 C O N T E N T S (CONT'D)</p> <p>2</p> <p>3 EXHIBITS: DESCRIPTION IDENTIFIED</p> <p>4 67 Kin Rewards Engine RFC 200</p> <p>5 Bates Stamped</p> <p>6 COINFUND8210</p> <p>7 68 Blog Post 213</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

<p style="text-align: center;">Page 6</p> <p>1 P R O C E E D I N G S</p> <p>2 THE VIDEOGRAPHER: This is tape one. We are now</p> <p>3 on the record at 9:09 a.m. It is Wednesday, July 11,</p> <p>4 2018. This is the opening of the deposition of Jake</p> <p>5 Brukhman in the matter of Kik Interactive, Case Number</p> <p>6 HO-13388.</p> <p>7 This deposition is being held at the offices of</p> <p>8 the SEC, located at 200 Vesey Street, New York, New</p> <p>9 York.</p> <p>10 The court reporter is Melissa Gilmore with</p> <p>11 Diversified Reporting. I'm the legal videographer,</p> <p>12 Adam Venturini, also with Diversified Reporting.</p> <p>13 Would counsel please introduce themselves and</p> <p>14 state whom they represent?</p> <p>15 MR. LEASURE: Jeff Leasure. To my left is Brent</p> <p>16 Mitchell. We represent the Securities and Exchange</p> <p>17 Commission.</p> <p>18 MR. ROSHKA: Paul Roshka and Mike Besser from</p> <p>19 Polzinelli.</p> <p>20 THE VIDEOGRAPHER: We are all set.</p> <p>21 MR. LEASURE: Sir, can I you ask you to raise</p> <p>22 your right hand?</p> <p>23 Do you swear to tell the truth, the whole truth</p> <p>24 and nothing but the truth?</p> <p>25 MR. BRUKHMAN: I do.</p>	<p style="text-align: center;">Page 8</p> <p>1 federal securities laws. However, the facts developed in</p> <p>2 this investigation might constitute violations of other</p> <p>3 federal or state, civil or criminal laws.</p> <p>4 Prior to the opening of the record, you were</p> <p>5 provided with a copy of the Formal Order of Investigation in</p> <p>6 this matter as supplemented. That's the one on the top. It</p> <p>7 will be available for your examination during the course of</p> <p>8 this proceeding.</p> <p>9 Mr. Brukhman, have you had an opportunity to</p> <p>10 review the Formal Order?</p> <p>11 A I have.</p> <p>12 Q Do you have any questions about that?</p> <p>13 A I do not.</p> <p>14 Q Prior to the opening of the record, you were</p> <p>15 provided with a copy of the Commission's Supplemental</p> <p>16 Information Form 1662.</p> <p>17 A copy of that notice has been</p> <p>18 previously marked as Exhibit 1.</p> <p>19 Have you had the opportunity to read Exhibit</p> <p>20 Number 1?</p> <p>21 A I have.</p> <p>22 Q Do you have any questions concerning this notice?</p> <p>23 A I do not.</p> <p>24 Q I'm marking a copy of this document as</p> <p>25 Exhibit 59.</p>
<p style="text-align: center;">Page 7</p> <p>1 MR. LEASURE: Can you please state and spell your</p> <p>2 full name for the record?</p> <p>3 MR. BRUKHMAN: Sure. My name is Jake Brukhman,</p> <p>4 J-A-K-E, B-R-U-K-H-M-A-N. My legal name is Yakov</p> <p>5 Brukhman, Y-A-K-O-V.</p> <p>6 MR. LEASURE: That's fine. But you go by Jake?</p> <p>7 MR. BRUKHMAN: I go by Jake.</p> <p>8 Whereupon,</p> <p>9 JAKE BRUKHMAN</p> <p>10 was called as a witness and, having been first duly sworn,</p> <p>11 was examined and testified as follows:</p> <p>12 EXAMINATION</p> <p>13 BY MR. LEASURE:</p> <p>14 Q Good morning, Mr. Brukhman. I am Jeff Leasure</p> <p>15 and to my left is Brent Mitchell. We're going to be joined,</p> <p>16 hopefully this morning, by a colleague of ours named James</p> <p>17 Murtha.</p> <p>18 Each of us are members of the staff of the</p> <p>19 Enforcement Division of the United States Securities and</p> <p>20 Exchange Commission, and officers of the Commission for</p> <p>21 purposes of this proceeding.</p> <p>22 This is an investigation by the United States</p> <p>23 Securities and Exchange Commission in the matter of Kik</p> <p>24 Interactive, File Number HO-13388, to determine whether</p> <p>25 there have been violations of certain provisions of the</p>	<p style="text-align: center;">Page 9</p> <p>1 (SEC Exhibit No. 59 was marked for</p> <p>2 identification.)</p> <p>3 Q Mr. Brukhman, is Exhibit 59 a copy of the</p> <p>4 subpoena you are appearing pursuant to here today?</p> <p>5 A I believe it is.</p> <p>6 Q Great. Thank you.</p> <p>7 Mr. Brukhman, is there any reason you would be</p> <p>8 unable to give complete and accurate testimony today?</p> <p>9 A Not that I can think of.</p> <p>10 Q Great. That's all the preliminaries.</p> <p>11 We'd like to start by learning more about you and</p> <p>12 then CoinFund, and let's start with you.</p> <p>13 It would be helpful if we can get a resume level</p> <p>14 overview of your background, perhaps starting with any</p> <p>15 education after high school, going forward.</p> <p>16 A Sure.</p> <p>17 My academic background is in mathematics</p> <p>18 and computer science.</p> <p>19 I attended Rutgers University for</p> <p>20 undergrad.</p> <p>21 I attended the Courant Institute of Mathematical</p> <p>22 Sciences for graduate school.</p> <p>23 My career is just about a ten-year career in</p> <p>24 technology before going into blockchain.</p> <p>25 The first five years of my career, I worked in</p>

<p style="text-align: center;">Page 10</p> <p>1 financial technology, including -- Highbridge Capital 2 Management is a company that I worked at. 3 I thereafter went into pure technology. I was a 4 technical product manager and engineer at Amazon.com. 5 And, thereafter, I was a CTO of a company called 6 Trenton Research, which is a fintech research company doing 7 research on private technology companies. 8 Thereafter, I started CoinFund and went full time 9 working on that company.</p> <p>Q When did you start CoinFund?</p> <p>A Well, CoinFund -- you know, CoinFund's kind of record begins around July 1, 2015.</p> <p>Q When you say "record," was there something before that, informal or --</p> <p>A It's just that, you know, it was before the incorporation of CoinFund, LLC, as a legal entity. That happened later, but the activity is -- kind of started at that time.</p> <p>Q Got it. When did you become interested or involved in blockchain or blockchain technology?</p> <p>A Sure.</p> <p>I received my first bitcoin in 2011. I don't remember exactly the month. It must have been spring. That was the first time that I was introduced to the technology.</p>	<p style="text-align: center;">Page 12</p> <p>1 thinking, I should say, not CoinFund. 2 A It has not. Q How has it changed? A Today, we, as investors, might invest in the equity of companies as well as the digital assets that are being produced by those companies. Q Companies only in the blockchain space or more broad than that? A I would say predominantly in the blockchain space. Q Got it. Let's go back. I think you said CoinFund was started in 2015, and I think you explained why. It was mostly -- it was a vehicle, if I understand right, for proprietary investments into various digital assets. Do I have that right? A I believe so. Q Cool. And you founded it? A Yes. Q With anybody else? A I mean, CoinFund LLC is an LLC, so it has a number of members besides myself. I was the sort of -- I took the leading role in establishing the company. Q Okay. And did you have any partners or employees</p>
<p style="text-align: center;">Page 11</p> <p>1 You know, I thereafter, as a technologist, as a curious person, followed the developments of this technology.</p> <p>4 Around the time of Ethereum, I started being more interested because I felt like it was a technology that was continuing to develop.</p> <p>Q Okay.</p> <p>A Yep.</p> <p>Q And what led you to start CoinFund, then?</p> <p>A A desire to research and understand the technology.</p> <p>Q I'm not sure I follow that. Why does that lead you to start an entity called CoinFund?</p> <p>A The idea behind CoinFund is to be kind of a proprietary trading or investment firm, investing in cryptocurrencies and digital assets.</p> <p>Q Got it.</p> <p>A Hence, the name.</p> <p>Q Makes sense. So the idea was to start a fund and make proprietary investments into various mostly digital assets or other assets?</p> <p>A Exclusively cryptocurrencies and digital assets was the thinking at that time.</p> <p>Q Okay.</p> <p>And that's continued to the present? The</p>	<p style="text-align: center;">Page 13</p> <p>1 when the company started? 2 A We did not have employees. We did have LLC members, which I guess you can consider partners. Q Sure. Who were the LLC members? A You know, the first member, besides myself, was my dad. Q Cool. Okay. A There are a number of folks that joined subsequently. Q Okay. I take it the fund -- you put some money into the fund to make investments, correct? A So I want to clarify that. So the company is not a fund in the sense that it is a sort of traditional hedge fund structure. It's just sort of an LLC, proprietary trading company. So, as an LLC, you know, members are able to make contributions of capital to the company, which the members did. Q You did? A I did. Q I take it other friends and family may have? A They did. Q Okay. And then, over time, were more people</p>

<p style="text-align: center;">Page 14</p> <p>1 added as members, employees or otherwise affiliated with 2 CoinFund? 3 A Members were added over time. 4 Q And who were they? 5 A There's about ten members -- not about. There's 6 ten members of CoinFund today. Those are myself; my dad, 7 Greg Brukhman; Michael Bosworth, who is currently CoinFund's 8 CTO; a few other people. I mean, if you would like the 9 specific names. 10 Q No, no, no. 11 What might be helpful is I'm going 12 to just give you a few names of people I think sort of 13 joined or participated over time, and maybe if you can 14 explain for me their roles at CoinFund. 15 A Sure. 16 Q Alex Felix? 17 A Sure. 18 Alex Felix is one of our partners. He 19 serves primarily as the chief investment officer of 20 CoinFund. 21 Q And what does he do as the chief investment 22 officer? 23 A Primarily research. 24 Q What does he research? 25 A He researches companies and, you know,</p>	<p style="text-align: center;">Page 16</p> <p>1 Q Okay. Very good. 2 We are going to be talking a lot today about 3 early to mid 2017, a year, year and a half ago, and the 4 market for digital assets like cryptocurrencies. I just 5 want to start with definitions so we don't get tripped up on 6 terms today. 7 What's an ICO? 8 A ICO is commonly, you know, the abbreviated as 9 initial coin offering or initial currency offering. It is a 10 sale of cryptocurrency. 11 Q Okay. 12 A Or distribution of such currency. 13 Q Got it. And the coin in an ICO, again, we're 14 dealing with basic terms here at the onset, what is that? 15 A It typically refers to a digital asset, such as 16 those that emerge from blockchains. 17 Q Okay. 18 And the term "token," is that used 19 interchangeably with coin in that sense or differently? 20 A I don't know exactly how people use it. I can 21 tell you that, in my mind, you know, token and coin and 22 digital asset carry a similar provenance, yeah. 23 Q Okay. I just want to make sure we don't get 24 tripped up between you and me, the term today. 25 So, again, going into the way-back machine to the</p>
<p style="text-align: center;">Page 15</p> <p>1 predominantly in the blockchain space or decentralized 2 technologies in the blockchain space, what they do, how they 3 operate, what they are meant to do. 4 Q Okay. 5 I think I hope I'm not mispronouncing the 6 name, forgive me, Alexander Bulkin, B-U-L-K-I-N? 7 A That's correct. Alex Bulkin is one of our 8 partners as well. 9 Q What does he do? 10 A He is sort of also a researcher for CoinFund. He 11 has a technical background very similar to my own. 12 He also, you know, researches the technology. He 13 has made contributions to the field of blockchain technology 14 and consensus algorithms. We call him our chief alchemist. 15 Q Chief alchemist. Okay. 16 With a technical or technological background in 17 the field? 18 A That's correct. 19 Q Oleg Golubov, G-O-L-U-B-O-V? 20 A That's correct. 21 Oleg Golubov is a fourth 22 partner. He has a background in computer science and law. 23 He's our General Counsel and Chief Operating Officer. 24 Q So he has, as it were, two hats? 25 A He is primarily on the latter side -- the law side.</p>	<p style="text-align: center;">Page 17</p> <p>1 year, year and a half ago, 2017, what was CoinFund doing in 2 the crypto space at that time? 3 A Proprietary trading, research and investments in 4 digital assets. 5 Q So same business model as it had been from 2015, 6 or had it changed? 7 A I mean, the business model, fundamentally, of 8 CoinFund LLC, is to invest in digital assets, and that has 9 remained consistent over time. 10 In 2017, CoinFund partners also, you know, did a 11 number of research projects for companies in the space. 12 Q Okay. And was one of those -- we'll talk more 13 about it, but was one of those Kik? 14 A It was. 15 Q Okay. 16 For, I think you called them, correct me 17 if I'm wrong, research projects, roughly, how many clients 18 did it have for which it did such projects? 19 A We had approximately four major predominant 20 clients in 2017. 21 Q And was that a new or newer sort of business area 22 to CoinFund at the time? 23 A Just in the sense that we didn't do it before? 24 Q Yeah. 25 A I suppose it was.</p>

<p style="text-align: center;">Page 18</p> <p>1 Q Okay. In doing those research projects, sort of 2 at a high level, what did CoinFund do for such clients?</p> <p>3 A The partners of CoinFund, you know, in my 4 estimation, are a highly multi-disciplinary team with a 5 number of areas of expertise, predominantly in blockchain 6 technology.</p> <p>7 Myself and Alex Bulkin, between us, have over 25 8 years of experience in technology and study the 9 architecture, operation, behavior of decentralized systems.</p> <p>10 Alex Felix has more of a traditional financial 11 services or investing background. He studies, you know, 12 these technologies from a more financial and investment 13 perspective and, hence, he is our chief investment officer.</p> <p>14 And, you know, Oleg, you know, helps us to 15 operate this company.</p> <p>16 In the course of working with blockchain 17 companies, you know, we are extremely knowledgeable in the 18 technologies, in how they work, in what kind of technology 19 might suit a particular application or use case, what kind 20 of business verticals is particularly better suitable for 21 blockchain technologies versus not.</p> <p>22 And, you know, interestingly, we also spend a lot 23 of time thinking about the economics of such systems, and 24 are able to sort of give expertise on technical areas and 25 the areas of how we've seen these companies operate.</p>	<p style="text-align: center;">Page 20</p> <p>1 expertise on the landscape of the coin market in 2017?</p> <p>2 A What do you mean by "expertise"?</p> <p>3 Q I think that might have been a term you used. So 4 I can come up with another one.</p> <p>5 A I would say we certainly have technical 6 expertise. We're certainly operating in this industry and 7 so we see the market. I would say we know the market better 8 than people who aren't in our industry.</p> <p>9 Q Okay. So if someone was not in the industry, 10 they might get some value out of talking to people who were 11 in the industry just about how the market looked and 12 operated?</p> <p>13 A I would say so.</p> <p>14 Q Okay. Fair enough.</p> <p>15 Moving the camera forward, and I will reverse it 16 shortly, but I just want to make sure I understand what 17 CoinFund is doing now in 2018, and if it differs at all from 18 what -- from what it was up to in 2017.</p> <p>19 A It does.</p> <p>20 Q How?</p> <p>21 A In 2018, we launched an actual LP fund, where we 22 raised money for it, we partnered with a major venture 23 capital firm called Venrock to do this.</p> <p>24 Q How do you spell that? I'm sorry. Just to help 25 out.</p>
<p style="text-align: center;">Page 19</p> <p>1 Q Okay.</p> <p>2 A Or these technologies operate.</p> <p>3 Q That was helpful. It sounds like clients 4 considering entering this space would hire CoinFund for, it 5 sounds like, a variety of different expertises then.</p> <p>6 A I mean, I would say that, primarily, our 7 expertise is in sort of recommending technical solutions and 8 understanding the economies that arise around these 9 technologies.</p> <p>10 Q I understand there were a variety of people at 11 CoinFund in 2017 it sounds to me had different backgrounds, 12 correct?</p> <p>13 A That's correct.</p> <p>14 Q You've walked me through the different things 15 that people specialized in and what CoinFund offered, you 16 know, potential clients.</p> <p>17 Just to drill down on a couple things. Would you 18 say that CoinFund had expertise in how to do a token 19 offering, just generally how to go about marketing and 20 selling a token?</p> <p>21 A CoinFund is not a marketing company. That is not 22 our area of expertise.</p> <p>23 In the course of being investors in blockchain, 24 we have certainly seen a number of ICOs or token offerings.</p> <p>25 Q Okay. Did CoinFund or people who work there have</p>	<p style="text-align: center;">Page 21</p> <p>1 A V-E-N-R-O-C-K.</p> <p>2 Q Thank you.</p> <p>3 A And we are now primarily investors in the space 4 through this vehicle.</p> <p>5 Q I think we will cover that later. Thank you. 6 How did -- let's turn to Kik.</p> <p>7 How did CoinFund come to be retained by Kik?</p> <p>8 A I had a personal relationship with a gentleman 9 named Joel Monegro, who, at that time, was an analyst at 10 Union Square Ventures for a number of years, working, I 11 don't think exclusively, but in the blockchain space on 12 behalf of Union Square.</p> <p>13 Kik Interactive Incorporated is a portfolio 14 company of Union Square Ventures. Joel asked me if I would 15 like to talk to one of the partners at Union Square 16 Ventures, Fred Wilson, regarding a project that Kik 17 Interactive was working on.</p> <p>18 He subsequently introduced me to Fred Wilson, and 19 Fred Wilson introduced me to Ted Livingston, the CEO of Kik 20 Interactive, and we, you know, worked with them from there.</p> <p>21 Q Awesome. I think you have anticipated a document 22 I wanted to show you, but let me walk you through it anyway.</p> <p>23 I'm going to show you a document that's been 24 previously marked as Exhibit 51. Take a look at it. You 25 will get used to the routine that we do with this.</p>

<p style="text-align: right;">Page 22</p> <p>1 Take a look at it, and let me know when you are 2 ready. 3 While you are reading, I will identify it for the 4 record. 5 A Sure. 6 I am familiar with this document. 7 Q Oh. And you've anticipated my first question. 8 Thank you. 9 Let me just read it out what is for the record. 10 Document 51 a multi-page printout of an e-mail chain ending 11 on January 17, 2017, with a subject "Kik," and I should say 12 it's Exhibit 51. 13 It has a Bates stamp COINFUND3459. 14 Are you ready? Great. 15 You said you're familiar with this exhibit. What 16 is it? 17 A This is an e-mail thread between myself and Fred 18 Wilson on the topic of introducing CoinFund to Kik. 19 Q Okay. 20 Let me point you to the beginning of the 21 thread, which in almost all of these, exactly, will be at the end 22 of the exhibit. 23 You had referenced, I see here, a person named 24 Joel Monegro, M-O-N-E-G-R-O. Is that the personal friend 25 you had mentioned before?</p>	<p style="text-align: right;">Page 24</p> <p>1 Q And so did they -- if it wasn't CoinFund, did 2 they otherwise find, you know, the sought-after expert to 3 execute? 4 A Can you define expert? 5 Q I'm less hung up on what I think and what Joel 6 wrote here. 7 But it sounds like you don't believe that 8 CoinFund, in the work that it subsequently did for Kik, 9 wasn't an expert to execute a token strategy? 10 A You know, as I mentioned previously, our approach 11 to blockchain is largely technological in thinking about the 12 technology, the architecture and the economics of these 13 systems. 14 You know, to that extent, I think we are experts, 15 you know, in that area. 16 It is not clear to me specifically what Joel is 17 referring to as an "expert to execute." 18 Q Understood. I have no intention of getting hung 19 up on Joel's word, my word or anything. 20 Why don't we, at a high level right now, walk 21 through the things, if you would, that CoinFund did for Kik 22 in the process of Kik introducing Kin at a very high level? 23 A Sure. 24 Q Maybe we can drill down later today on some of 25 them.</p>
<p style="text-align: right;">Page 23</p> <p>1 A I don't believe I said that Joel was a personal 2 friend. 3 Q I apologize. Someone you knew. 4 A Someone I was acquainted with, that's correct. 5 Q Okay. All right. 6 And is this -- is this e-mail 7 just -- you had walked out in a narrative form the process 8 by which you got introduced to Kik through Union Square. 9 Is this e-mail reflective of that process? 10 A I would say so. 11 Q Okay. Great. 12 So Joel writes to you, "Jake, we think our 13 portfolio company, kik.com, should pursue a token strategy. 14 We are still working on getting them around to it, but they 15 would need to bring on an expert to execute." 16 Was CoinFund an expert to execute a token 17 strategy? 18 A I mean, I think Joel is referring to the need for 19 an expert. 20 I don't think he is referring to CoinFund 21 specifically as filling that role. 22 Q Did -- other than CoinFund, did Kik find an 23 expert to execute the token strategy? 24 A I think Kik worked with a number of parties to 25 bring their product to market.</p>	<p style="text-align: right;">Page 25</p> <p>1 A At a high level, CoinFund met with the executive 2 team of Kik, who are interested in understanding how 3 blockchain technology-based business model might be deployed 4 in a product for their business. We engaged them in a 5 research study which lasted, you know, some weeks or months, 6 delivered a piece of research to Kik Interactive on that 7 topic, and subsequently were engaged by Kik Interactive 8 further to advise them on bringing this product to market. 9 Q And thank you. That is helpful. 10 The last piece -- again, we will have time to 11 break down and go through things that happened over the 12 months, but the last piece, I think you said to advise them 13 on bringing this product to market. 14 Can you break that down a little bit to me into 15 its component parts? 16 A Like in the sense of like what we participated in 17 in that process or in the sense of what the goal of the 18 project? 19 Q No, what you participated in, what you did. 20 A Sure. 21 So there was, in the second, you know, 22 post-research engagement with Kik, you know, we helped Kik 23 Interactive go through a process of defining the product, 24 defining what cryptocurrency Kin was, what was its purpose, 25 what -- how that cryptocurrency would function in an</p>

<p style="text-align: center;">Page 26</p> <p>1 economy, how it would integrate with Kik Interactive's 2 application to Kik Messenger, how it would potentially 3 integrate with third-party applications, and, you know, what 4 might be the use cases of it, and also help them think about 5 the economics of that cryptocurrencies, namely, the Kin 6 Rewards Engine.</p> <p>7 Q Okay. And at a high level on the technological 8 side, because I understand, obviously, I think several 9 people at CoinFund have backgrounds in that area.</p> <p>10 What did CoinFund do for Kik?</p> <p>11 A We helped them through the process of defining 12 this product.</p> <p>13 We helped them, you know -- you know, we 14 helped them to construct the whitepaper that defines the 15 product.</p> <p>16 We advised them on, you know, kind of the 17 technical specification of the Kin Rewards Engine, which is 18 a highly, almost mathematical kind of vocation.</p> <p>19 I suppose we also, being participants in the 20 cryptomarkets, fielded questions from Kik about, you know, 21 general market conditions. You know, and we're generally 22 available throughout the process that they went through in 23 2017, to field questions from the team.</p> <p>24 Q Okay.</p> <p>25 That was helpful. Thank you. Again, I</p>	<p style="text-align: center;">Page 28</p> <p>1 Q So, for example, I think the example here is BTC 2 for Kik.</p> <p>3 In theory, could one exchange -- I take it that's 4 bitcoin, BTC?</p> <p>5 A BTC stands for bitcoin, usually, yes.</p> <p>6 Q Sure. So, in theory, you could exchange bitcoin 7 for another cryptocurrency at such an exchange, right?</p> <p>8 A It happens all the time.</p> <p>9 Q Sure. And so did -- later on in the process, did 10 Kik act to get Kin listed or tradeable on exchanges?</p> <p>11 A Sorry. Can you repeat the question?</p> <p>12 Q Absolutely.</p> <p>13 Later on in the process, again, we're in January 14 here, right, and I don't think they've come up with a term 15 "Kin" yet, correct?</p> <p>16 A I don't believe so.</p> <p>17 Q So we're moving forward in the process now.</p> <p>18 Did Kik act or try to get Kin listed on 19 exchanges?</p> <p>20 A I'm not sure what Kik's strategy was in terms of 21 listing Kin on exchanges.</p> <p>22 Q Did CoinFund participate in that?</p> <p>23 A To the best of my recollection, we didn't 24 participate in helping Kik get their token listed on 25 exchanges.</p>
<p style="text-align: center;">Page 27</p> <p>1 don't want to get hung up on the phrases used by Joel or 2 otherwise, but just to hear from you what you guys did is 3 helpful.</p> <p>4 Just while we have this document in front of you, 5 I want to point you, on the start of page -- of the second 6 page, 3460, I'll start reading so you can see where I am.</p> <p>7 Joel Monegro wrote, "Adding Fred@USV who leads 8 the Kik investment."</p> <p>9 He then pastes some of Fred's 10 high-level thoughts on how this could work.</p> <p>11 Do you see where I am?</p> <p>12 A Uh-huh.</p> <p>13 Q There's a list of what looks like Fred's 14 high-level thoughts. I just want to point you to item 6.</p> <p>15 He writes, "Get an exchange like Poloniex," 16 P-O-L-O-N-I-E-X, "to create a market in BTC/Kik token so 17 that the Kik token becomes a traded asset and establishes a 18 market value."</p> <p>19 Let me do some terms first. Poloniex, what is 20 that?</p> <p>21 A Poloniex is a cryptocurrency exchange.</p> <p>22 Q And what's a cryptocurrency exchange?</p> <p>23 A It's a website where, typically, you know, you 24 can go deposit cryptocurrency and then trade it for other 25 cryptocurrencies.</p>	<p style="text-align: center;">Page 29</p> <p>1 Q Did you ever hear that that was part of Kik's 2 strategy, to get Kin onto exchanges?</p> <p>3 A I would say so.</p> <p>4 Q Tell me about that.</p> <p>5 A I can't point to any specific conversation.</p> <p>6 Q Okay. So aside -- I get it. It's hard to 7 remember specific conversations.</p> <p>8 Generally, you had the impression that Kik had 9 been making some efforts in that regard?</p> <p>10 A I don't know specifically of any particular 11 effort.</p> <p>12 Q Okay.</p> <p>13 A Such a -- you know, such a statement may have 14 been made in a meeting.</p> <p>15 It's hard to recall specifically 16 whether -- you know, when or if that happened.</p> <p>17 Q Fair enough.</p> <p>18 MR. MITCHELL: Did you have discussions with Kik 19 about why they wanted -- why Kik would want it on an 20 exchange?</p> <p>21 THE WITNESS: I did not.</p> <p>22 BY MR. LEASURE:</p> <p>23 Q I want to talk for a second about, at this time, 24 early 2017, Kik's expertise or familiarity with blockchain 25 and the space. How would you characterize it?</p>

<p style="text-align: right;">Page 30</p> <p>1 A You said familiarity with blockchain?</p> <p>2 Q Familiarity, experience, expertise with blockchain.</p> <p>4 MR. ROSHKA: Do you understand the question?</p> <p>5 THE WITNESS: I'm not sure I understand the 6 question.</p> <p>7 Q Was Kik a blockchain company in early 2017?</p> <p>8 A I would say no.</p> <p>9 Q Okay.</p> <p>10 So I'm not -- there's nothing sneaky here.</p> <p>11 I'm trying to ask, from your perspective, how 12 familiar were they with blockchain when you were first 13 introduced to them?</p> <p>14 A I mean, it's hard for me to judge that, 15 specifically what knowledge like everyone at Kik had about 16 blockchain.</p> <p>17 Q Let me just push back slightly on that.</p> <p>18 Subsequent to these e-mails and this 19 introduction, you met with people from Kik several times, 20 correct?</p> <p>21 A That's correct.</p> <p>22 Q Had a lot of conversations with them about a 23 potential blockchain project, correct?</p> <p>24 A That's correct.</p> <p>25 Q Okay.</p>	<p style="text-align: right;">Page 32</p> <p>1 A My understanding is that, primarily, Kik's 2 business was the development of a chat application which 3 runs primarily on mobile devices called the Kik Messenger.</p> <p>4 Q And how was that business performing?</p> <p>5 A I don't know.</p> <p>6 Q Did you ever have occasion to discuss the performance of the messenger business with people at Kik?</p> <p>8 A I'm not privy to the financial performance of 9 Kik.</p> <p>10 You know, Ted Livingston, the CEO of Kik, has 11 made public statements about -- about how he views their 12 performance.</p> <p>13 That is where I would draw my knowledge from 14 regarding their performance.</p> <p>15 Q Okay.</p> <p>16 Did you ever -- in connection with 17 CoinFund's engagement by Kik, did you ever have occasion to 18 review Kik's financials?</p> <p>19 A I have never reviewed Kik's financials besides 20 some metrics around the Kik points program. I don't know if 21 that would even count as financials, but it's some internal 22 metrics of the company.</p> <p>23 Q Got it.</p> <p>24 And the Kik's points, just so we are 25 clear, was a sort of prior experiment Kik had done with</p>
<p style="text-align: right;">Page 31</p> <p>1 But you never formed an impression of 2 whether they were, you know, old hats in blockchain or 3 whether they were new to it? You never formed an impression 4 about that?</p> <p>5 A I mean, that judgment is very subjective, right?</p> <p>6 I would say I know more about blockchain than Kik.</p> <p>7 Q That's fine.</p> <p>8 Were they looking -- sorry. Let me ask that in a 9 better way.</p> <p>10 Did you have the impression that Kik was looking 11 to people like CoinFund or other outside parties to help 12 them get up to speed on blockchain and its potential 13 application?</p> <p>14 A I'm only aware of, you know, our discussions with 15 Kik, and that they subsequently, in some manner, engaged 16 CoinTree, who we worked with.</p> <p>17 Q Okay.</p> <p>18 Did they hire CoinFund, in part, for the 19 expertise CoinFund had in blockchain technology?</p> <p>20 A Yeah, I would say so.</p> <p>21 MR. LEASURE: Anything else on this?</p> <p>22 Q Okay. Let me take that back from you.</p> <p>23 A (Handing.)</p> <p>24 Q So what was -- at the time you were introduced to 25 Kik, what was Kik's business?</p>	<p style="text-align: right;">Page 33</p> <p>1 having some value system in the messaging app?</p> <p>2 A They had what amounts to a virtual currency, not 3 a blockchain-based virtual currency, but sort of points that 4 people were able to transfer internally in the app, is my 5 understanding.</p> <p>6 Q Did you ever have -- again, this is in connection 7 with CoinFund's engagement with Kik in 2017, did you ever 8 have occasion to review information or data about how -- 9 about how the messaging app was performing?</p> <p>10 MR. ROSHKA: I'm sorry.</p> <p>11 Do you understand the 12 question?</p> <p>13 A Can you be a little more specific about what you 14 mean by "performing"?</p> <p>15 Q Sure.</p> <p>16 Were people -- were user -- was the 17 messaging app's user base growing or declining? Did you 18 ever see that?</p> <p>19 A I never saw metrics on -- on the user base of 20 Kik, other than the statement -- well, like we have some 21 numbers like in the whitepaper which states sort of the 22 general number of registered and active users.</p> <p>23 Q Okay. Why did Kik -- Kik was considering doing 24 an ICO in early 2017, correct?</p> <p>25 MR. MITCHELL: Can I just go back?</p>

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1 MR. LEASURE: Yeah.
 2 MR. MITCHELL: Did you ever see metrics about
 3 monthly average users, other daily average users?
 4 THE WITNESS: To the best of my recollection,
 5 besides those top level numbers, I have not seen
 6 internal monthly metrics.
 7 MR. MITCHELL: What is the -- what do you mean?
 8 THE WITNESS: So just the fact that, you know,
 9 Kik is an application with 300 million registered
 10 users.
 11 I believe that's a fact stated in the
 12 whitepaper.
 13 MR. MITCHELL: You can go on.
 14 BY MR. LEASURE:
 15 **Q So Kik was considering doing an ICO in early**
2017, whether it should or shouldn't do an ICO?
 16 A I don't know what Kik was considering. From my
 17 perspective, you know, Kik was considering building a
 18 digital economy based around a cryptocurrency. There were
 19 certainly -- there was certainly an ICO aspect to that.
 20 I would not characterize the ICOs being the only
 21 thing that they were considering.
 22 From my perspective, they
 23 were building a product.
 24 **Q And were they considering using that product to**

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1 **raise money?**
 2 A I wouldn't say so. I wouldn't say that they are
 3 using the product to raise money. I would say that they are
 4 raising money to build the product.
 5 MR. MITCHELL: What's the product that you are
 6 discussing?
 7 THE WITNESS: In my understanding or in my
 8 conception of Kin, the product is a decentralized
 9 network which implements an economy around Kin
 10 cryptocurrency in which any third party could
 11 eventually participate.
 12 MR. MITCHELL: Was that sometimes described when
 13 you were working with Kik as the Kin ecosystem?
 14 THE WITNESS: Yeah, I suppose you could put that
 15 label on it.
 16 MR. MITCHELL: And that, when you were just
 17 saying Kik was -- you thought Kik was trying to create
 18 a product, that was the product that you -- that you
 19 had mentioned there?
 20 THE WITNESS: Well, I mean, I think the ecosystem
 21 is a sum of products, right? It might be the
 22 integration of Kin inside of Kik's application. It
 23 might additionally be the integration of Kin into
 24 third-party applications, and together the sum of these
 25 applications together with the decentralized network,

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1 implementing Kin, in my conception, would constitute
 2 the product.
 3 MR. MITCHELL: That Kik was creating?
 4 THE WITNESS: That Kik was creating.
 5 BY MR. LEASURE:
 6 **Q Other than this product that Kik was creating, do**
you know if Kik was considering alternative forms of capital
raising at the time?
 7 A To the best of my knowledge, they were not, or
 8 I'm not aware that they were.
 9 **Q So we're going to walk through the subsequent**
months during the engagement CoinFund had with Kik.
 10 **Who were your primary contacts at Kik for that**
engagement?
 11 A I would say they varied over time. I would say,
 12 on our research engagement, our primary contact was Hayeon
 13 Kim and Erin Clift.
 14 I would say, for the subsequent engagement, we
 15 worked variously with members of the executive team at Kik
 16 as well as employees of Kik.
 17 **Q Okay.**
 18 **For the research project, your primary**
 19 **contacts were Ms. Kim and Ms. Clift.**
 20 **Do I have that right?**
 21 A Yes.

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1 **Q What did they do at Kik?**
 2 A It is my understanding that Erin was the chief
 3 marketing officer of Kik, and I'm not sure the exact title
 4 of Ms. Kim, but she reported to Erin.
 5 **Q And just --**
 6 A In my understanding.
 7 **Q Sorry to interrupt you.**
 8 **Help me understand. It sounds like they were**
 9 **your primary points of contact for the CoinFund research**
 10 **project; is that right?**
 11 A That's correct.
 12 **Q Why would they be the primary points of contact**
 13 **in their roles?**
 14 A I don't know. I did not make the decision to
 15 make them the primary points of contact.
 16 **Q Did you -- did you or others at CoinFund have**
 17 **occasion to interact significantly with Mr. Livingston?**
 18 A Yes.
 19 **Q Okay. What was his role in the project?**
 20 A Ted Livingston is the CEO of Kik.
 21 **Q Correct.**
 22 **And so what did he do on this project?**
 23 A I mean, you know, as the CEO, he variously
 24 participated in the project. I can't speak to specifically
 25 everything, every little thing that he did.

<p style="text-align: center;">Page 38</p> <p>1 Q Did he discuss CoinFund's research and analysis 2 with you guys? 3 A He did not. 4 Q Okay. Why don't we pause on that. We will deal 5 with that later in time. 6 So -- 7 MR. MITCHELL: Can I ask one follow up? 8 MR. LEASURE: Please. 9 MR. MITCHELL: Did Mr. Livingston know as much 10 about the blockchain as you did? 11 THE WITNESS: I don't know what Mr. Livingston 12 knows about the blockchain. So it's hard for me to 13 judge. 14 BY MR. LEASURE: 15 Q Pulling back from Kik for a second. Let's talk 16 more broadly about the state of the market for new coins in 17 2017, ICOs, if we can use that term. 18 How would you characterize the ICO market in 19 2017? 20 A Can you be a little bit more -- can we talk about 21 a more specific time frame? 22 Because I feel like 2017 was 23 quite an eventful year. 24 Q I would love it. 25 And if you want to break it</p>	<p style="text-align: center;">Page 40</p> <p>1 Were new investors or new money coming into this 2 market that hadn't been there previously? 3 A Can you define new money? What does this mean? 4 Q Were new investors coming into this market that 5 hadn't been in the market previously? 6 A When you say investor, do you mean a traditional 7 institutional investor, do you mean a hedge fund? 8 Q I mean all of them. Go ahead. 9 A I would say that, you know, between mid 2016 and 10 mid 2017, again, the market certainly garnered the interest 11 of investors. 12 In my experience and understanding, those 13 kinds of investors were primarily early stage technology 14 VCs, venture capitalists. 15 Q So to the extent there was -- was there more 16 money being invested in ICOs than there had been previously? 17 A It's hard to say who was investing what money 18 where. 19 I can tell you, you know, looking at the market, 20 if you plot the kind of graph of raises of ICOs, it 21 certainly seemed that raises were increasing. 22 Q And did you know who -- we touched on this 23 previously, but did you have a sense of the sources of that 24 money coming into the market? 25 A By the nature of the technology, especially at</p>
<p style="text-align: center;">Page 39</p> <p>1 Q down sort of chronologically for me, that would be very 2 helpful. 3 A Sure. 4 Q So we can start with the first half of 2017 or 5 any subdivision of 2017 that works for you. 6 A Sure. 7 I would say, as an observer of the market, 8 I would say that in, you know, early to mid 2017, I would 9 say blockchain technologies have won kind of a fair amount 10 of mind share sort of in the world with various news 11 articles coming out, you know, about ICOs or 12 cryptocurrencies, having lived through the Dow events of 13 2016. 14 I think that was quite a newsworthy event published 15 in the Wall Street Journal, among other things, that made 16 people more aware of the space and drew interest to the 17 space. 18 I would say that, you know, at that time, I think 19 people were just getting more excited to learn about these 20 technologies and to understand cryptocurrencies. And the 21 market was active. 22 I would say companies were coming to the 23 space to build products in blockchain. 24 Q Were new investments -- I'm sorry. Let me ask 25 that in a better way.</p>	<p style="text-align: center;">Page 41</p> <p>1 that time, it would be very hard to know where the money was 2 coming from. 3 Q So you don't know what was driving demand for 4 coins in 2017? 5 A I'd rather not speculate as to what was driving 6 demands for coins. 7 Q I'm not asking you to speculate. 8 I'm saying, sitting here, you don't know what was 9 driving demand for coins in 2017? 10 A How can I know? 11 Q So the answer is no? 12 A I think so. 13 Q Okay. 14 Are you familiar with the term 15 "cryptoenthusiasts"?" 16 A I am. 17 Q Who are they? 18 A I would say cryptoenthusiast is a generic term 19 for, you know, a person who takes an interest in 20 cryptocurrencies and blockchain technologies. 21 Q And within that generic term, what sort of -- 22 what -- if I can ask you to construct an archetype of a 23 cryptoenthusiast, how would you characterize a 24 cryptoenthusiast? 25 A I'm not sure there is a characterization. I</p>

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1 think people who take an interest in the space come from,
 2 you know, various industries and backgrounds. I don't know
 3 if there's a prototype.

4 **Q Sure.**

5 **In 2017, typically, would a**
 6 **cryptoenthusiast believe that the future was bright for**
 7 **crypto assets, for example?**

8 A I mean, there are many participants watching the
 9 market.

10 I'm sure some of them had bullish views, and some
 11 of them had bearish views.

12 There's a lot of literature, you
 13 know, of incredulity about blockchain.

14 There's a lot of
 15 literature that's excited about the future of blockchain.

16 **Q What motivated, to your knowledge,**
 17 **cryptoenthusiasts to purchase ICOs in 2017?**

18 A I can't speak to the motives of cryptoenthusiasts
 19 as a whole.

20 **Q Did CoinFund ever survey them?**

21 A We did.

22 **Q What were the results?**

23 A You know, is there a specific metric you're
 24 looking for? It's been a while since I have seen the
 25 survey.

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1 **Q Cool.**

2 **Who controlled, at the time, I guess this**
 3 **is June of 2017, who controlled the CoinFund Twitter**
 4 **account?**

5 A That would have been me.

6 **Q Did you post this tweet?**

7 A I believe I did.

8 **Q Okay.**

9 **Tell me about -- this appears to reflect,**
 10 **what is this, a Twitter poll; is that right?**

11 A I would say so, yeah.

12 **Q Tell me about that Twitter poll.**

13 A What would you like to know?

14 **Q Well, I guess CoinFund conducted a Twitter poll,**
 15 **correct?**

16 A That's correct.

17 **Q Why?**

18 A We were interested in gauging the sentiment of
 19 folks who would see this.

20 **Q And does this accurately reflect -- I take it**
 21 **this is an automatic -- let me ask this in a better way.**

22 **This accurately reflects the results of that**
 23 **Twitter poll; is that correct?**

24 A Well, this is the results --

25 **Q Correct.**

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1 **Q I'm sorry.**

2 **CoinFund surveyed cryptoenthusiasts,**
 3 **correct?**

4 A We did.

5 **Q And they surveyed them about what motivated them**
 6 **to buy cryptocurrencies?**

7 A I believe we asked that question in the survey.

8 **Q And what were the results?**

9 A I don't recall off the top. I don't remember
 10 what the choices were.

11 **Q Okay. All right. I'm showing you a document**
 12 **previously marked as Exhibit 41.**

13 A Great. (Perusing.) Okay.

14 **Q What is this?**

15 A This is a tweet from CoinFund's Twitter account.

16 **Q Okay.**

17 **It's a tweet from, I think, correct me if**
 18 **I'm wrong, the date is June 1, 2017; is that right?**

19 A That's what it says on this printout.

20 **Q Okay.**

21 **Tell me about the CoinFund Twitter**
 22 **account.**

23 A CoinFund's Twitter account is our social media,
 24 probably primary social media account, that we use to sort
 25 of retweet or post news or, in this case, we did a poll.

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1 A -- of the Twitter poll.

2 **Q Any reason to think this is inaccurate?**

3 A Inaccurate relative to what?

4 **Q Did you change or alter the results?**

5 A Oh. Did I alter the results? I did not alter
 6 the results.

7 **Q Of course not. Okay.**

8 A I wouldn't be able to if I wanted to.

9 **Q That's what I was trying to ask. Okay. I**
 10 **understand.**

11 **Would you agree that, at least according to this**
 12 **Twitter poll, that for cryptoenthusiasts, most of the token**
 13 **sale purchases they made at this time were not for future**
 14 **utilizations of the tokens on a platform?**

15 A I actually don't think I can draw that conclusion
 16 for a number of reasons.

17 **Q Why don't you walk me through them?**

18 A Well, because, number, one a cryptoenthusiast is
 19 not a well-defined concept. We have no guarantee that
 20 anyone is or is not. It's a totally subjective label,
 21 right? So who is or is not a cryptoenthusiast?

22 We have no guarantee that this poll reached
 23 crypto -- quote/unquote, cryptoenthusiasts, simply reached
 24 the people who were viewing our Twitter account. We have no
 25 guarantee that those people answered correctly or they

<p style="text-align: center;">Page 46</p> <p>1 didn't lie or falsify information or simply weren't paying 2 attention as they answered the poll.</p> <p>3 And, finally, the poll has 140 responses, which, 4 for the purposes of most surveys, I would say, as a 5 mathematician, is a fairly small sample.</p> <p>6 Q Sure.</p> <p>7 A I don't think we can draw any sweeping conclusion 8 from such a poll.</p> <p>9 Q Sure. Let's walk through that.</p> <p>10 You think the term, correct me if I'm wrong, "cryptoenthusiasts" is an ill-defined term; is that correct?</p> <p>12 A When you say "ill defined," what do you mean?</p> <p>13 Q I'm trying to paraphrase my understanding of what you said. So let me try again.</p> <p>15 You don't think the term "cryptoenthusiast" has a clear --</p> <p>17 A I don't think it has a clear, unambiguous 18 definition, no.</p> <p>19 Q Correct me if I'm wrong, CoinFund chose to use that term, correct?</p> <p>21 A Sure.</p> <p>22 Q Okay. And then --</p> <p>23 MR. MITCHELL: Why?</p> <p>24 THE WITNESS: For the desire to reach, you know, 25 as best that we could, this particular segment of</p>	<p style="text-align: center;">Page 48</p> <p>1 have that survey in front of me, so I wouldn't be able to 2 remember exactly the questions that were on it.</p> <p>3 It's possible that we asked similar questions on 4 that survey, but I'm not sure.</p> <p>5 Q So I hear your points on this is a Twitter poll with a certain number of respondents. I understand what you're saying.</p> <p>8 And so I'm asking, are you aware of surveys or data that were done at the time that led -- that had different results?</p> <p>11 A Different results --</p> <p>12 Q Than what is reflected on --</p> <p>13 A I'm not sure that we asked this question on other 14 surveys, as I said.</p> <p>15 Q That's fine.</p> <p>16 And are you aware of anyone else doing that?</p> <p>17 A I'm not aware of anyone else doing that.</p> <p>18 Q Okay. We will take that back. Thank you.</p> <p>19 A (Handing.)</p> <p>20 Q A couple other terms that we see in documents and in the literature. We see a term "cryptoinvestors."</p> <p>22 Are you familiar with that term?</p> <p>23 A Yes.</p> <p>24 Q What is that?</p> <p>25 A I would say a cryptoinvestor is someone who</p>
<p style="text-align: center;">Page 47</p> <p>1 people.</p> <p>2 MR. MITCHELL: What segment of people?</p> <p>3 THE WITNESS: Cryptoenthusiasts.</p> <p>4 MR. MITCHELL: What does that mean?</p> <p>5 THE WITNESS: Again, to me, that means people who 6 were interested in blockchain technology and 7 cryptocurrencies.</p> <p>8 MR. MITCHELL: And at least when you wrote this, 9 you thought cryptoenthusiast was the best term to use?</p> <p>10 THE WITNESS: I would say, at this time, which is 11 June of 2017, most people in the industry were 12 cryptoenthusiasts, you know, as imprecise as that term 13 is.</p> <p>14 BY MR. LEASURE:</p> <p>15 Q Understood.</p> <p>16 Did you ever rerun the survey?</p> <p>17 A Certainly not as -- I think this is the only 18 Twitter poll of -- you know, reflecting this particular 19 question that we run.</p> <p>20 Q Yeah.</p> <p>21 And the broader question of, for cryptoenthusiasts, what motivated their purchases, are you aware of other surveys that you, being CoinFund or others, did in 2017?</p> <p>25 A I mean, we certainly did other surveys. I don't</p>	<p style="text-align: center;">Page 49</p> <p>1 invests in cryptocurrencies and digital assets like 2 ourselves.</p> <p>3 Q Like you guys at CoinFund?</p> <p>4 A I would say so.</p> <p>5 Q Okay. And I get that there aren't sort of crisp Webster's Dictionary definitions that distinguishes all these terms. I'm just asking for your help as someone who is in this space.</p> <p>9 Are cryptoinvestors distinct or different from cryptoenthusiasts?</p> <p>11 A That's a really good question. I am not sure.</p> <p>12 Q Thank you. Okay. That's fine.</p> <p>13 There is a term, I think, an import from the financial markets, "whale." I have seen it in some reference to the crypto space and the market for crypto assets in 2017.</p> <p>17 Are you familiar with that term as applied there?</p> <p>18 A I am.</p> <p>19 Q What does it mean there?</p> <p>20 A I mean, I think the term crypto whale, is used in 21 a variety of contexts, but, in general, it just simply 22 refers to someone who has a lot of money.</p> <p>23 Q And is employing it in the crypto space -- I'm sorry. Let me ask that in a better way.</p> <p>25 As applied to the crypto space, does it have a</p>

<p style="text-align: center;">Page 50</p> <p>1 specific or --</p> <p>2 A I mean, if you're a crypto whale, then I suppose 3 you are in the crypto space.</p> <p>4 Q And how did -- was there a sense of how they were 5 participating in the space specifically in 2017?</p> <p>6 A I don't keep track of how everyone participates 7 in the space in 2017. I apologize.</p> <p>8 Q The Kin offering, we have talked about sort of 9 what the market -- actually, let me back up. I apologize.</p> <p>10 When I first asked you to walk us through your 11 characterization of the market for digital assets in 2017, I 12 think you had said, I want to break it down chronologically 13 over time, which is fine, obviously. But I'm not sure we 14 got through.</p> <p>15 Did we get through that chronology?</p> <p>16 A So I believe we got through maybe the first half 17 of 2017.</p> <p>18 Q So then I apologize. I cut you off.</p> <p>19 Can you resume it going forward?</p> <p>20 A Sure. I think, you know -- so in the first -- in 21 the first half of 2017, there's increasing interest in mind 22 share of the technologies and sort of activities going on in 23 the space, news media covering the space, banks doing 24 research and development, excuse me, on blockchain 25 technology.</p>	<p style="text-align: center;">Page 52</p> <p>1 success of Kin as, you know, as an adopted currency or what 2 specifically are you asking?</p> <p>3 Q I'm asking you to characterize your understanding 4 of how the market was performing then, and then I'm going to 5 ask you, subsequent to that, how Kin fit into -- how Kin 6 looked as compared to other digital assets being offered at 7 that time.</p> <p>8 Why don't we start with the first?</p> <p>9 A You know, I seem to remember there was volatility 10 in the market.</p> <p>11 I don't recall what it was or to what extent 12 it was happening.</p> <p>13 I don't really recall the price of ether 14 at that time.</p> <p>15 It's checkable facts, but --</p> <p>16 Q Sure.</p> <p>17 A My sense it was a bit of -- there was a bit of a 18 draw-down from kind of the highs of the summer, you know, 19 preceding the subsequent high of the market at the end of 20 the year.</p> <p>21 Q Okay. And what did Kin, as it was introduced, 22 look like in that space maybe compared to other digital 23 assets being offered at that time?</p> <p>24 A Well, I would say that Kik's project was -- was 25 one of the first projects of its kind in the sense that most</p>
<p style="text-align: center;">Page 51</p> <p>1 I think 2017 was also the year where we saw some 2 pretty large token sales or ICOs culminating in a market 3 high at the end of the year.</p> <p>4 Q And I believe the Kin offering took place or the 5 sale of Kin tokens to the public took place in September of 6 2017. I'll represent that to you unless you have another --</p> <p>7 A To be quite honest, I don't remember the exact 8 dates.</p> <p>9 That sounds like approximately the right period of 10 time.</p> <p>11 Q And I'm not going to get hung up on exact dates 12 today.</p> <p>13 In -- having walked through the chronology of the 14 market, where was the market when the Kin offering, let's 15 say in the fall of 2017, September 2017, around that range, 16 where was the market at that time?</p> <p>17 A When you say "where was the market," are you 18 referring to the market cap of the sum of all of the 19 cryptocurrencies or --</p> <p>20 Q Of course not. I don't need you to give me the 21 market cap.</p> <p>22 I'm saying, generally, how would you characterize 23 the market for a digital asset like Kin as Kin was 24 introduced to the market then?</p> <p>25 A Are you asking me to evaluate the prospective</p>	<p style="text-align: center;">Page 53</p> <p>1 cryptocurrencies that came onto the market before then were, 2 you know, not created by a consumer technology company or a 3 VC-backed kind of brand name company or you might say a 4 large valued company such as Kik.</p> <p>5 So I would say that was a differentiator of Kin 6 tokens as opposed to other cryptocurrencies.</p> <p>7 Q I'm asking your sense, as someone who 8 participated in this market at that time, did that 9 differentiation that Kin was being offered by a more 10 established, you know, consumer company, did that change the 11 potential investor profile of someone who would be 12 purchasing Kin?</p> <p>13 A You know, it's hard to say how investors would 14 react to that differentiator. I would say people had 15 different views.</p> <p>16 I think people might look at that as a 17 positive thing, and I can think of reasons why. I would say 18 other people would look at it as a negative thing, and I can 19 think of reasons why.</p> <p>20 Q Understood.</p> <p>21 And we have been walking through your sense.</p> <p>22 Again, it's only just your subjective sense of how the 23 market looked overall in 2017.</p> <p>24 A Uh-huh.</p> <p>25 Q What I'm trying to do is see if there was</p>

<p style="text-align: center;">Page 54</p> <p>1 something about Kin that made it unique or different, set 2 apart from the broader trends going on in the crypto space 3 at that time.</p> <p>4 A I mean, I would say that, again, the fact that it 5 was a project that was instantiated by a large, well-known 6 consumer technology company was a differentiator.</p> <p>7 Q Okay. Fair enough.</p> <p>8 MR. LEASURE: Why don't we go off the record?</p> <p>9 THE VIDEOGRAPHER: We are now off the record at 10 10:14 a.m.</p> <p>11 (James Murtha is present at the deposition at 12 this time.)</p> <p>13 (Recess taken.)</p> <p>14 THE VIDEOGRAPHER: This is tape two of the 15 deposition of Jake Brukhman. We are now on the record 16 at 10:25 a.m.</p> <p>17 BY MR. LEASURE:</p> <p>18 Q After a brief break during which, Mr. Brukhman, 19 you had no substantive conversations about this 20 investigation with the SEC staff?</p> <p>21 A Yes.</p> <p>22 Q Great.</p> <p>23 MR. MITCHELL: Just for the record, James Murtha 24 joined us right before the break.</p> <p>25 Q So I want to talk about CoinFund's early</p>	<p style="text-align: center;">Page 56</p> <p>1 A I believe that's a typo. I believe this document 2 is from 2017.</p> <p>3 Q I do that for the first three months of every 4 year. I type the prior year. Okay.</p> <p>5 I thought this might be helpful. If I can point 6 you to page 3, that's 6185. It lists out a timeline. 7 Do you see that?</p> <p>8 A Uh-huh.</p> <p>9 Q I thought it might be helpful to walk through a 10 few of these items.</p> <p>11 The first one is Kik working session. And the 12 purpose is to gain in-depth understanding of goals, 13 financials and product features.</p> <p>14 Did that happen, a working session?</p> <p>15 A That happened, that's correct.</p> <p>16 Q Cool. Tell me about that.</p> <p>17 A When engaging in a research project with clients, 18 we have often, as our first -- you know, as our first 19 session, sat down with the team to understand what their 20 goals are in creating such a project. We did this in the 21 case of Kik.</p> <p>22 Q Where did you do it?</p> <p>23 A We did it at the Kik -- at Kik's New York office.</p> <p>24 Q You've never been to their Ontario office?</p> <p>25 A I have never been to their Ontario office.</p>
<p style="text-align: center;">Page 55</p> <p>1 engagement with Kik.</p> <p>2 I understand that there was a research 3 project undertaken for Kik; is that right?</p> <p>4 A That's correct.</p> <p>5 Q Why was that done?</p> <p>6 A At the request of Kik, I suppose with the 7 intention of understanding the blockchain market and 8 prospective avenues for building a blockchain-based product 9 within the company.</p> <p>10 Q Let me walk you through what looks like an early 11 document in the relationship.</p> <p>12 This is a document that had 13 been previously marked as Exhibit 52.</p> <p>14 Take a look and let me know when you are ready.</p> <p>15 I will identify Exhibit 52 as a document entitled "CoinFund 16 Proposal for Research." It has the Bates stamp 17 COINFUND6183.</p> <p>18 A Uh-huh.</p> <p>19 Q Do you recognize this?</p> <p>20 A I do.</p> <p>21 Q What is it?</p> <p>22 A This is a proposal that we have sent to Kik 23 Interactive proposing an engagement with them.</p> <p>24 Q The document says it's from 2016.</p> <p>25 Q Do you believe this is from 2017?</p>	<p style="text-align: center;">Page 57</p> <p>1 Q And I don't need a full list of the attendees, 2 but you were there.</p> <p>3 Who else was there?</p> <p>4 A This is quite a while ago.</p> <p>5 Q Sure.</p> <p>6 A I want to say, I'm not a hundred percent sure, I 7 want to say Alex Felix was there. I'm not a hundred percent 8 sure.</p> <p>9 Q How about on the Kik side?</p> <p>10 A I remember that Erin Clift was there, and there's 11 probably more than one person from Kik's side, but I do not 12 recall specifically who that was.</p> <p>13 Q Kik's office is in Brooklyn? Do I have that 14 right or in --</p> <p>15 A No. Kik's office is in Manhattan.</p> <p>16 Q And you guys are in Brooklyn?</p> <p>17 A Yes, that's correct.</p> <p>18 Q Okay. Tell me about the discussion. What was 19 discussed at that meeting?</p> <p>20 A It was the CoinFund team asking the Kik team a 21 series of questions to try to understand what they wanted to 22 do in terms of building a blockchain-based product.</p> <p>23 Q Got it.</p> <p>24 So it was get to know Kik and what their 25 goals were?</p>

<p style="text-align: center;">Page 58</p> <p>1 A I would say so.</p> <p>2 Q There's a reference here to understanding the</p> <p>3 financials.</p> <p>4 We touched on this earlier, but from that</p> <p>5 meeting, did you have a sense of the performance of Kik's</p> <p>6 existing business line?</p> <p>7 A We did not. Despite the fact that, you know, I</p> <p>8 wrote financials here, I don't believe financials were</p> <p>9 discussed during this meeting.</p> <p>10 Q That's fine.</p> <p>11 What was your sense, walking out of that meeting,</p> <p>12 of why Kik was exploring at least entering the crypto space?</p> <p>13 A My sense, and probably how I would -- I conceive</p> <p>14 of the Kik's project is that they were looking for</p> <p>15 blockchain-based monetization strategy for their product.</p> <p>16 Q I'm sorry. Just to define terms. Monetization</p> <p>17 strategy, what's that?</p> <p>18 A The model by which a business generates revenue.</p> <p>19 Q Oh, okay. So it may be blockchain is an</p> <p>20 alternative model to generating revenue for the Kik</p> <p>21 business? Is that what you mean by that?</p> <p>22 A No, I don't think so. I don't think that I would</p> <p>23 characterize it as blockchain technology was generating</p> <p>24 revenue for the business.</p> <p>25 I would say it would still be the</p>	<p style="text-align: center;">Page 60</p> <p>1 sort of a large document that I think might be the work</p> <p>2 generated from that.</p> <p>3 Before we do that, can you tell me about that</p> <p>4 project for CoinFund and what you guys did?</p> <p>5 A Previously, you asked whether Kin -- the Kin</p> <p>6 product or Kik's project would be -- would be well received</p> <p>7 or poorly received by participants or cryptoenthusiasts, if</p> <p>8 you will.</p> <p>9 And the answer is that we didn't know. We wanted</p> <p>10 to -- we wanted to perform research to understand whether</p> <p>11 that particular market of people who were very used to</p> <p>12 dealing with highly decentralized systems and</p> <p>13 cryptocurrencies would find this kind of product a</p> <p>14 compelling product, a product that was engendered by a</p> <p>15 private company such as Kik.</p> <p>16 Q And, to me, that sounds like a tall order.</p> <p>17 How did you guys go about doing that, figuring</p> <p>18 that out?</p> <p>19 A We ran some polls and did some research and tried</p> <p>20 to gauge the sentiment of -- of the folks in our industry.</p> <p>21 Q And I think we'll walk through a document or two</p> <p>22 about that.</p> <p>23 A Sure.</p> <p>24 Q I just want to look at a few other items here.</p> <p>25 We're going to turn -- item 5 references a first draft</p>
<p style="text-align: center;">Page 59</p> <p>1 responsibility of the company to build a business, but using</p> <p>2 a basis of this kind of technology.</p> <p>3 Q That makes sense. I appreciate that.</p> <p>4 Okay. Let me keep on this timeline -- again,</p> <p>5 this might be in the spirit of defining terms and</p> <p>6 understanding what CoinFund did.</p> <p>7 Item 2 is model discovery with the purpose to</p> <p>8 propose several viable cryptoeconomic models.</p> <p>9 Did that happen?</p> <p>10 A I would say that that happened in the course of</p> <p>11 our research, and is probably -- it probably happened in the</p> <p>12 course of our research.</p> <p>13 Q Okay. Is there a -- sorry. Because this talks</p> <p>14 about a high-level document.</p> <p>15 Is there a document where that model discovery</p> <p>16 actually was done or did it proceed differently than that?</p> <p>17 A So we had, you know, in the research phase with</p> <p>18 Kik, we had a deliverable document which you should have,</p> <p>19 and I believe that that document includes some prospective</p> <p>20 and hypothetical cryptoeconomic models.</p> <p>21 Q Got it. Okay.</p> <p>22 Item 3, preliminary validation to understand the</p> <p>23 market fit between Kik and cryptoinvestors and deliverable</p> <p>24 is research and survey results.</p> <p>25 We touched on that, and I might walk you through</p>	<p style="text-align: center;">Page 61</p> <p>1 whitepaper.</p> <p>2 Do you see that?</p> <p>3 A Uh-huh.</p> <p>4 Q We are going to turn to that in a second, but is</p> <p>5 that something that CoinFund also worked on later in time?</p> <p>6 A Later in time, CoinFund collaborated with Kik</p> <p>7 Interactive on drafting their whitepaper, that's correct.</p> <p>8 Q And, again, this is in the spirit of trying to</p> <p>9 see, at a high level, what CoinFund did.</p> <p>10 Is there other, for lack of a better word, stuff</p> <p>11 that CoinFund did in the Kik engagement that's not listed on</p> <p>12 this preliminary timeline? Can you think of anything?</p> <p>13 A You know -- you mean, in the course of the</p> <p>14 research study?</p> <p>15 Q In the course of ever.</p> <p>16 A This is the scope -- you know, this proposal</p> <p>17 describes the scope of our research study.</p> <p>18 Are you asking about the research study phase or</p> <p>19 are you asking about the subsequent phase?</p> <p>20 Q No. That's an excellent clarification. For the</p> <p>21 research phase.</p> <p>22 A I don't believe that we did, you know, or at</p> <p>23 least to my recollection, I don't think that there's</p> <p>24 anything that we did outside of the scope that we had</p> <p>25 proposed.</p>

<p style="text-align: center;">Page 62</p> <p>1 So with one clarification, which is that after we 2 did the initial research deliverable, Kik asked for 3 additional research, and we provided additional research.</p> <p>4 Q Okay. Okay.</p> <p>5 And then just to make sure we're 6 understanding the overall work that CoinFund did, after the 7 research phase, is it right that there was subsequent work 8 that CoinFund did on behalf of Kik?</p> <p>9 A Well, subsequent to our research phase, we had a 10 subsequent engagement with Kik with its own scope.</p> <p>11 Q And walk me through, at a high level, what 12 CoinFund did in that subsequent phase.</p> <p>13 A Sure. I think CoinFund assisted Kik with the 14 actual formulation of what the Kin product would be. We 15 assisted with the drafting of the whitepaper.</p> <p>16 So even though, you know, this -- this timeline 17 says first draft whitepaper, the whitepaper phase didn't 18 come until later, right?</p> <p>19 Q Sure.</p> <p>20 A So this was just sort of kind of a, if I'm not 21 mistaken, one of the first volleys of our proposal. We 22 might have actually subsequently had a different version of 23 this proposal for the research phase.</p> <p>24 Subsequently, the research phase, Alex Bulkin and 25 myself worked very closely with the Kik team in Tel Aviv,</p>	<p style="text-align: center;">Page 64</p> <p>1 And so there is a fair amount of technical 2 thinking around what the correct technology would be.</p> <p>3 Q Okay. That was helpful. Thank you.</p> <p>4 MR. LEASURE: Do you guys have anything else on 5 this document?</p> <p>6 Q Okay. I will take it back from you.</p> <p>7 A (Handing.)</p> <p>8 Q Okay. Let me show you what I think is the first 9 iteration of the research project. You can tell me.</p> <p>10 This is a document, it's long, previously marked 11 as Exhibit 39. Now, take a look at Exhibit 39.</p> <p>12 My first question is going to be what it is, and 13 then I'm going -- you obviously take all the time you need. 14 I'm going to point you to specific parts of this document 15 because I recognize it's over 50 pages.</p> <p>16 A Right. So this appears to be the research 17 deliverable for Kik, dated March 21, 2017.</p> <p>18 I have not gone through every single page of this 19 document to ascertain that it is exactly that document, but 20 I believe it is.</p> <p>21 Q That's fine. I'm not asking you to do all that.</p> <p>22 Who prepared this? I think you called it the 23 research deliverable. Who prepared this?</p> <p>24 A This was prepared as a collaboration between the 25 members of the Kik team -- excuse me -- the members of the</p>
<p style="text-align: center;">Page 63</p> <p>1 along with some of the executives at Kik Interactive to 2 define the product, to name the product, to understand what 3 the use cases of this product might be, to decide whether, 4 you know, it's a product solely kind in the discretion of 5 Kik Interactive or, you know, an ecosystem that would 6 involve third parties who could build applications on top, 7 which is ultimately where the product ended up.</p> <p>8 And we helped them with thinking about the Kin 9 Rewards Engine.</p> <p>10 Basically, I would say Kin Rewards Engine 11 is a cryptoeconomic centralized system that is able to 12 reward participants that utilize the cryptocurrency in the 13 economy of Kin tokens.</p> <p>14 We thought through some technical problems around 15 how such a Kin Rewards Engine might work, and it's a fairly 16 significant technical problem.</p> <p>17 Sorry. I lost my train of thought there.</p> <p>18 We, you know, recommended sort of architecture, 19 you know -- the Kik technology team had questions about 20 things like scalability rates. So one thing that 21 differentiates Kik from previous projects that came before 22 is that Kik has a user base of 300 million users. You know, 23 this necessitates more scalable technology, right?</p> <p>24 And so as we saw subsequently in 2017, Ethereum 25 is not actually the most scalable technology.</p>	<p style="text-align: center;">Page 65</p> <p>1 CoinFund team.</p> <p>2 Q Right. And just -- the title of it is "Token 3 Integration Research."</p> <p>4 Can you explain to me what integration means in 5 this context?</p> <p>6 A You know, recognizing that this was a very early 7 document in the project, before we had a clear conception, 8 which only came many months later, about what the product 9 is.</p> <p>10 This was sort of looking at the potential of 11 integrating a cryptocurrency or token, if you will, into 12 Kik's product.</p> <p>13 Hence, it's called token integration research.</p> <p>14 Q Got it. I'm going to walk you through specific 15 sections, but I want to talk about what appears to me to be 16 actually two separate surveys that CoinFund undertook.</p> <p>17 Does that ring a bell for you?</p> <p>18 A I would have to take a look at the specific 19 surveys.</p> <p>20 Q That's fine.</p> <p>21 I'm going to drill down on these, but let me 22 point you to, if I can only find it, the one that I see is 23 on page 19 of this document that has 7709 stamped on the 24 bottom?</p>

<p style="text-align: center;">Page 66</p> <p>1 A Yep.</p> <p>2 Q Correct me if I'm wrong. This describes a survey 3 that appears -- that CoinFund sent out via social media; is 4 that correct?</p> <p>5 A Do you mind if I just take a look at the page to ascertain?</p> <p>7 Q Absolutely. I was pointing particularly to the 8 methodology at the beginning section, but take your time.</p> <p>9 A So this states that, "CoinFund conducted a public 10 and open-source survey in the blockchain research and 11 investment community targeting a set of people who are 12 knowledgeable and experienced in the issues surrounding 13 blockchain-based decentralized crowdfunding and known as 14 cryptoinvestors."</p> <p>15 Q So let me pause on that.</p> <p>16 Obviously, one of the reasons we wanted to talk 17 to you, we can see what it says, tell me about what you 18 remember about this survey.</p> <p>19 How was it done? How was it 20 conducted?</p> <p>21 A To the best of my recollection, the survey was 22 conducted, put together, you know, primarily, I believe, by 23 myself, in a sense that I authored, I think, questions of 24 the survey.</p> <p>25 It's possible that I got feedback on the forms</p>	<p style="text-align: center;">Page 68</p> <p>1 MR. MITCHELL: And I can see in the document that 2 you were just looking at that there's a discussion of 3 blockchain-based decentralized crowdfunding.</p> <p>4 Were you looking to see whether people would 5 participate in a blockchain-based decentralized 6 crowdfunding with the kind of company you were thinking 7 about?</p> <p>8 THE WITNESS: I mean, I would say, at the time, 9 there were a number of projects undertaking 10 decentralized crowdfunding, and one of the goals was to 11 understand whether participation in the crowdfunding, 12 which I view as a -- as a fundamental piece of the 13 project sort of moving forward, right, you know, would 14 be amenable to the participants of the industry.</p> <p>15 MR. MITCHELL: And if it was amenable, people 16 would buy the coin or the token?</p> <p>17 THE WITNESS: It seems to me that, in order for 18 something to be amenable, you don't necessarily have to 19 have a participation in the crowdfunding. It's just a 20 measure of sentiment.</p> <p>21 MR. MITCHELL: Okay.</p> <p>22 BY MR. LEASURE:</p> <p>23 Q Understanding that CoinFund has limited 24 resources, Kik has limited resources, did you think that 25 this was a good sample to take at the time?</p>
<p style="text-align: center;">Page 67</p> <p>1 of those questions from my team. It's hard to recall.</p> <p>2 Subsequently, the survey was materialized as a 3 Google forum.</p> <p>4 It was posted on sort of our social media 5 channels, and basically open to the public for -- for 6 responses.</p> <p>7 Q And the goal of this survey was -- I'm trying to 8 integrate this with what you said earlier, so correct me if 9 I'm getting this wrong.</p> <p>10 The goal of this survey was, on behalf of Kik, to 11 see if there would be interest in a coin being issued by an 12 established consumer technology company?</p> <p>13 A Well, I would say more generally that its goal 14 was to understand whether a blockchain product, created by 15 an established traditional technology company, would find 16 product market fit with -- within the participants of our 17 industry.</p> <p>18 Q Okay.</p> <p>19 MR. MITCHELL: What kind of fit were you -- when 20 you say "fit," what do you mean?</p> <p>21 THE WITNESS: I mean, I think I generally mean 22 whether -- whether the people in blockchain would 23 accept such a product, like whether they would use a 24 product, whether they would trade the coin, whether 25 they would use the product in general.</p>	<p style="text-align: center;">Page 69</p> <p>1 A I mean, I think we did our best to get as many 2 respondents as we could.</p> <p>3 According to this document, we got 4 223 responses.</p> <p>5 I would say, overall, that's a fairly small 6 sample size.</p> <p>7 Q Right.</p> <p>8 I think you, in fact, you or CoinFund, I 9 don't want to say who wrote what, I don't know, but I think 10 in one of the caveats you give is it was a small sample 11 size, right?</p> <p>12 A This is what it says under caveats, correct.</p> <p>13 Q And I also take it Kik wasn't out at this time.</p> <p>14 In other words, you didn't identify Kik as the specific 15 company?</p> <p>16 A Absolutely not.</p> <p>17 I believe that would have 18 constituted a breach of our NDA with Kik if we identified 19 them.</p> <p>20 Q So you did not.</p> <p>21 How did you identify -- do you remember what was 22 said about the company?</p> <p>23 A I don't remember the specific language used in 24 the survey.</p> <p>25 I'd have to look at the survey to recall, but</p>

<p style="text-align: center;">Page 70</p> <p>1 from what I recall, I alluded to probably using words like, 2 sort of a well-known brand or a traditional consumer 3 technology company or a company in social media or 4 communications with a large user base.</p> <p>5 Q Got it.</p> <p>6 We don't have it in front of us, but 7 whatever term you used, I take it the goal was to give 8 some -- Kik -- something usable to Kik or relevant to Kik 9 without identifying Kik itself?</p> <p>10 A I think the goal of the survey was to measure the 11 sentiment of these enthusiasts, as how they would react to a 12 cryptocurrency created by a company under such a 13 description.</p> <p>14 As we have covered, Kik was not identified in the 15 survey, and it's -- I mean, the goal, I think, was to -- was 16 to measure a sentiment in general.</p> <p>17 Q Got it.</p> <p>18 And I don't want to linger on the sample 19 and the survey, but in terms -- there's the group that was 20 sampled here, 223 responses in March, correct? And then 21 there's a larger group of people, thousands, who ultimately 22 bought Kin tokens in, what, six months later, five months 23 later in September?</p> <p>24 Do you have any reason, either way, to know 25 whether the group surveyed materially differed from the</p>	<p style="text-align: center;">Page 72</p> <p>1 other information you have, sitting here today, that tells 2 you whether there was a skew between one group or the other?</p> <p>3 A Sorry. When you say "skew between one group or 4 the other," can you clarify what you mean?</p> <p>5 Q That one group drew from a different set of the 6 population versus another.</p> <p>7 A Like I said, I just have no information 8 whatsoever about the constituency of either group.</p> <p>9 Q That's fine. That's all I'm asking.</p> <p>10 I want to walk through the results of this 11 survey.</p> <p>12 Again, I think there might have been an additional 13 smaller survey taken, which I'll then walk you through, but 14 I just want to make sure we're not confusing the two.</p> <p>15 If I can point you to page 25 of this document. 16 That's with Bates stamp 7715. It has user versus investor 17 interest.</p> <p>18 A Uh-huh.</p> <p>19 Q This states, "In the survey, we interviewed 20 cryptoinvestors and expected that most respondents would be 21 interested in the investment side of the token proposition."</p> <p>22 It then provides some detail and some data.</p> <p>23 Was this an accurate -- sitting here today, do 24 you think this was an accurate recitation of the results of 25 that survey?</p>
<p style="text-align: center;">Page 71</p> <p>1 group that ultimately purchased tokens in September?</p> <p>2 A You know, I would say I have no way of knowing 3 whether those groups intersected at all or otherwise. I 4 don't want to speculate on the constituency of those groups 5 because I simply don't know.</p> <p>6 Q No. And I don't want you to speculate, 7 obviously.</p> <p>8 Is there any reason you have, sitting here today, 9 to think that this sample failed to -- let me ask that in a 10 better way.</p> <p>11 Do you have any reason to think that this sample 12 was materially skewed or didn't accurately capture a similar 13 group of people who might have purchased the token in 14 September?</p> <p>15 A It could have easily been skewed. I have no 16 identifying information in the course of conducting the 17 survey of anyone who participated in the survey. It would, 18 you know, sitting here right now, it would be impossible to 19 determine whether the group of token sale participants 20 subsequently and the group of surveyed participants were 21 even remotely the same group. It's quite possible.</p> <p>22 Q I mean, obviously, it's 223 here, and I think 23 several thousand several months later.</p> <p>24 A Sure.</p> <p>25 Q I'm just asking if there's any demographic or</p>	<p style="text-align: center;">Page 73</p> <p>1 A I would say that, since I used the results of 2 that survey to construct this particular section of the 3 document, then I would think that it is a -- it is an 4 accurate representation of the survey results.</p> <p>5 Q Okay. Sure.</p> <p>6 Did you ever re-perform this survey subsequent to 7 March?</p> <p>8 A I don't believe we did.</p> <p>9 Q Okay.</p> <p>10 MR. LEASURE: Anything else on that?</p> <p>11 Q Let me point you -- again, and this is sort of in 12 the spirit of being -- of clarifying. Let me point you to 13 the next page, page 26. That's 7716.</p> <p>14 This is a CoinFund cryptoinvestor panel.</p> <p>15 A Uh-huh.</p> <p>16 Q And under methodology it states, "In March, 17 CoinFund interviewed ten experienced cryptoinvestors, 18 blockchain founders, and analysts from our community 19 regarding a prospective client looking at integrating crypto 20 tokens into their consumer technology application."</p> <p>21 Again, this is why I wanted to clarify there 22 might have been different work streams.</p> <p>23 Does that appear right to you?</p> <p>24 A I'm not sure I understand the question.</p> <p>25 Q This is different from the survey posted on</p>

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1 social media that we just reviewed, correct?

2 A I believe you're correct. I believe you alluded
3 to two parts of the survey research. One part was a public
4 anonymous survey, which we just discussed. Another part is
5 the panel documents that are in front of us right now.

6 Q Tell me about this second part, the panel work
7 that was done.

8 A Sure.

9 The goal was to -- the goal was exactly
10 the same as the other survey. The goal was to ascertain
11 sentiment of cryptoinvestors.

12 However, these investors are obviously, first of
13 all, not anonymous, and are fairly well known in the
14 industry and have a fair amount of expertise in the
15 industry.

16 Q So as I understand it, the Kin offering was
17 ultimately conducted via a private sale to accredited or
18 larger investors, and then a subsequent public sale; is that
19 correct?

20 A To the best of my understanding, I believe that's
21 correct.

22 Q And that's fine.

23 I'm asking to then say, was there some effort in
24 doing this research project to survey both the potential
25 market for private sale and then a market for a public sale?

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1 A I would say no. I would say my goal in reaching
2 out to knowledgeable, you know, members of the community was
3 to get a measure of their sentiment specifically about the
4 issue of whether a traditional consumer technology company,
5 as a newcomer to the industry, would fare well as a product
6 in the industry.

7 Q Understood.

8 Why reach out, in addition to sort of an
9 anonymous public survey, why reach out to experienced
10 cryptoinvestors?

11 A Simply because these folks tend to study our
12 industry every day. They have some excellent context into
13 what kind of products might work and what kind of products
14 might not.

15 Whereas, anonymous respondents on social media
16 might not have the same expertise.

17 Q Okay.

18 So -- again, this is an outsider like me
19 reading this.

20 I read this as potentially an effort to gauge
21 interest from experienced cryptoinvestors in a private sale.

22 Is that -- am I wrong about that?

23 A I'm sorry. Can you repeat the question?

24 Q Sure.

25 I, as an outsider, read it as there was a

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1 separate effort to have a cryptoinvestor panel to possibly
2 gauge private sale or accredited investor interest. Is that
3 incorrect?

4 A The goal was not to solicit investment from these
5 gentlemen and lady, and mostly gentlemen. The goal is to
6 measure sentiment.

7 Q I'll let it go.

8 Let me point to the panel highlights and summary
9 also on page 26.

10 I want to point you to 2A. "Respondent
11 cites several concerns that were also reflected in the
12 general survey."

13 And the first one listed there, A, "Whether the
14 company is in it for the long haul and is willing to make a
15 commitment."

16 What does that mean "whether the company is in it
17 for the long haul"?

18 A I'm sorry. Where are you reading?

19 Q Oh, I apologize. The bottom of page 26.

20 A Oh, I see. So the very last item.

21 Q So it looks like you're highlighting several
22 concerns, "Respondent cites several concerns that were also
23 reflected in the general survey."

24 Do you see that?

25 A I mean, I would say, in the ICO space, there's a

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1 healthy amount of skepticism around, which persists today,
2 around whether companies are doing these kinds of offerings
3 for the reason that they are building -- that they are
4 building kind of long-term sustainable products versus
5 whether they're trying to, you know, make a quick buck on
6 the market.

7 I think, unfortunately, in our industry, we have
8 seen examples of both, and I think that this would be a
9 reasonable concern when you are faced with a kind of
10 newcomer company like Kik, as we keep mentioning, someone
11 who has not operated in the space before and is a
12 traditional consumer technology company, really being the
13 first major one to undertake such a strategy. I don't think
14 it would be unreasonable for respondents to have that
15 concern, and that concern was highlighted in the course of
16 us measuring their sentiment using this survey.

17 Q Got it. Let me see if I understand that
18 sentiment.

19 The concern or the worry among potential
20 participants in a token offering would be that a company,
21 you know, raises funds, issues a coin, and then doesn't
22 support or do work to support that coin in the future; is
23 that right?

24 A Well, you know, I would say -- I would say
25 historically, right, there have been cases where founding

<p style="text-align: center;">Page 78</p> <p>1 teams of cryptocurrencies have collected funds simply to 2 disappear with them, right?</p> <p>3 So there's always, you know, especially during 4 this time period, there's always sort of a taste of that.</p> <p>5 There's a recollection of that in the market.</p> <p>6 I think people are generally cautious. From my 7 perspective, I think that actually, at the end of the day, 8 the fact that Kik was an established company with users, 9 with well-known investors actually increased its case for 10 being a good player in the market. And, you know, having a 11 ton of experience over the course of almost a decade and 12 launching products was a high probability company to 13 actually launch a useful and good product.</p> <p>14 However, what is reflected here in this 2A that 15 we are looking at is, I think, a reasonable concern from 16 participants in the market who have seen, you know, these 17 kinds of offerings, who have seen bad offerings and good 18 offerings, and are trying to evaluate a new kind of offering 19 that is coming to market.</p> <p>20 And so I think it's a legitimate concern to say, 21 is this company, you know, in this for the right reasons.</p> <p>22 MR. MITCHELL: I guess I don't understand. Why 23 were they concerned? Sorry.</p> <p>24 So their concern was about -- was about 25 whether -- whether the -- their concern was about sort</p>	<p style="text-align: center;">Page 80</p> <p>1 finish delivering the product, and that would impact 2 kind of the economics of the cryptocurrency.</p> <p>3 MR. MITCHELL: You just said during this stage. 4 What stage were you referring to?</p> <p>5 THE WITNESS: Well, this is the earliest stages 6 of building such a product.</p> <p>7 MR. MITCHELL: So --</p> <p>8 THE WITNESS: The design stage of the product.</p> <p>9 MR. MITCHELL: Is that stuff -- was Kik still in 10 that design stage sort of end of 2017, early 2018?</p> <p>11 Let me ask the question again.</p> <p>12 Was the design stage done when they sold the Kin tokens?</p> <p>14 THE WITNESS: I'm not sure because, you know, 15 frankly, that would be kind of an internal 16 determination whether something was done, and I'm not 17 privy to what --</p> <p>18 MR. MITCHELL: Did you think that the design 19 stage was done in, say, September 2017?</p> <p>20 THE WITNESS: I think, as a product, I think it 21 has a multi-year roadmap of development. I think any 22 given year, a third party can come into this ecosystem 23 and build new products.</p> <p>24 So, in a way, it's never done. In a way, it's an 25 ongoing process to -- to get the ecosystem into a place</p>
<p style="text-align: center;">Page 79</p> <p>1 of what would happen after the sale, like what would 2 happen after the token sale?</p> <p>3 THE WITNESS: I would characterize it as follows. 4 You know, when you're talking about cryptocurrencies in 5 general, you are talking about decentralized systems 6 that do not have a central issuer, that do not have a 7 central point of control.</p> <p>8 And, therefore, they do not 9 have the risk that, for example, some centralized 10 company might go out of business, and the fact of 11 that -- of that happening would impact the price of the 12 cryptocurrency.</p> <p>13 Like to be explicit, like, there's no company 14 that can go out of business that will directly impact 15 the price of bitcoin. I would say, in my estimation.</p> <p>16 That is not the case with Kin tokens in the sense 17 that differentiating from a fully decentralized 18 cryptocurrency at this stage of the development, 19 because, over time, I think the Kin ecosystem does 20 become a fully decentralized ecosystem, but in this 21 stage of the -- of the process, I think Kin would be 22 dependent on Kik. They are -- they are the builder of 23 this -- of this product.</p> <p>24 And so if the company is not in it for the long 25 haul, right, it might mean that they -- they don't</p>	<p style="text-align: center;">Page 81</p> <p>1 where it's functioning.</p> <p>2 MR. MITCHELL: That's what I'm trying to 3 understand.</p> <p>4 Had that work all been finished by the time that 5 Kik sold the tokens in September?</p> <p>6 THE WITNESS: So it would be the case that 7 probably by the time that they sold the token, like 8 they didn't have the same partners that they have 9 today.</p> <p>10 MR. MITCHELL: Did they have a Kin Reward Engine 11 at that time?</p> <p>12 THE WITNESS: I don't know.</p> <p>13 MR. MITCHELL: Thank you.</p> <p>14 BY MR. LEASURE:</p> <p>15 Q I can point you to it on page 36. That's with 16 Bates stamp 7726. It looks like CoinFund did a section 17 called Raise Prospects.</p> <p>18 A Uh-huh.</p> <p>19 Q You are obviously welcome to walk through that, 20 but why was that a part of this research?</p> <p>21 A I would say -- I would say, you know, like the 22 market was in an interesting time, as we mentioned before 23 during this conversation, that the size of token sale or ICO 24 raises was increasing and this model, you know, came from a 25 desire to try to estimate how much the sale could</p>

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1 potentially raise in that context.

2 I mean, that's a piece of research that is
3 interesting to us as market observers. It would naturally
4 be interesting to Kik.

5 **Q Sure.**

6 **Kik wanted to know, if we go ahead with**
7 **this, how much can we realistically expect to raise,**
8 **correct?**

9 A I mean, they could potentially use that
10 information in that way. I don't know that they did, but...

11 **Q Okay.**

12 **I think that's all I have on this**
13 **document.**

14 MR. MITCHELL: Did you discuss this -- let me ask
15 a super basic question.

16 CoinFund gave this document to Kik?

17 THE WITNESS: Excuse me?

18 MR. MITCHELL: CoinFund gave this document and
19 this research to Kik?

20 THE WITNESS: I believe we delivered the research
21 to Kik.

22 MR. MITCHELL: And did you discuss it with anyone
23 at Kik afterwards, the research in this report?

24 THE WITNESS: It's possible. I don't have a
25 specific recollection of specifically discussing any

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1 reviewed.

2 **Q Okay. Okay. Let me show you the additional**
3 **piece of research deliverable.**

4 Yeah.

5 This is an exhibit, maybe on point, that
6 could be helpful. It's Exhibit 53.

7 Exhibit 53 is a one-page e-mail, and I will tell
8 you my understanding is there was an attachment to it that I
9 have included on the back page.

10 The e-mail is from March 24, 2017, with the
11 subject "Additional questions." And it has Bates stamp
12 COINFUND9764.

13 A Uh-huh.

14 **Q Tell me when you're ready. My first question --**

15 A Please go ahead.

16 **Q -- is what is this document?**

17 A This is an e-mail from the CFO of Kik, Peter
18 Heineke, to myself.

19 **Q And others?**

20 A And others, yeah, sure. And, you know, others on
21 the Kik team, stating that they had, you know, additional
22 questions and would like to -- let's see here -- would like
23 to consult with us on those questions.

24 **Q And these were questions in response to the**
25 **research deliverable CoinFund had provided; is that right?**

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1 section of this document after delivery.

2 MR. MITCHELL: Did any of the Kik folks tell you
3 how they used it?

4 THE WITNESS: They did not.

5 BY MR. LEASURE:

6 **Q Did anyone at Kik disagree with the analysis you**
7 **provided?**

8 A Not to the best of my knowledge.

9 **Q That's fine.**

10 **Sorry.**

11 **One quick question. And going backwards**
12 **a bit to the survey, to the public that was incorporated**
13 **into this survey, not the -- not the panel of ten**
14 **cryptoinvestors, but to the public. Those were anonymized**
15 **survey results?**

16 A To the best of my recollection, the survey did
17 not collect identifying information about the respondents.

18 **Q Great. I will take that back. Thank you.**

19 A (Handling.)

20 **Q Did Kik ask additional questions in response to**
21 **the research we just reviewed?**

22 A Yes, I believe they did. I believe they had an
23 additional ask for us, which was reflected in an additional
24 piece of research that we delivered to Kik subsequently to
25 delivering the initial deliverable that we have just

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1 A I don't think anything in this e-mail indicates
2 that, but I would say this -- you know, I would say, in the
3 course of doing the project, Kik had a number of questions
4 and this was a subsequent set of questions that they wanted
5 to consult with us on.

6 **Q I agree it's not vital, but I think the research**
7 **deliverable was dated March 21.**

8 A I believe that's correct.

9 **Q Just for context, she references -- Peter says,**
10 **"Hi, Jake. Thanks for the call today."**

11 What was discussed on that call?

12 A I don't recall.

13 **Q Okay.**

14 He writes, "There are two areas we would
15 like to proceed with in parallel. One, additional
16 questions. In order to be ready for our board meeting,
17 there are still some additional questions we would like to
18 have answers for or at least a framework as to what needs
19 more in-depth work and analysis and would be part of your
20 next phase."

21 Let me pause there.

22 **Were your research results shared with Kik's**
23 **board?**

24 A I don't know.

25 There must be an e-mail where we

<p style="text-align: center;">Page 86</p> <p>1 send our final deliverable to Kik. Whoever would be on that 2 e-mail, you know, then we can verify that they received the 3 report.</p> <p>4 What they did with the report subsequently to 5 receiving it, I don't have information on.</p> <p>6 Q That's fine.</p> <p>7 Did you attend the Kik board meeting?</p> <p>8 A I never attended a Kik board meeting.</p> <p>9 Q Did people at Kik say or tell you we are going to 10 share your analysis with our board?</p> <p>11 A Not to the best of my recollection.</p> <p>12 Q I have to ask the converse.</p> <p>13 Do you have any reason to believe they didn't 14 share the research with the board or --</p> <p>15 A I couldn't know.</p> <p>16 Q So, on the back, we see some questions, and I 17 think we'll see a research deliverable.</p> <p>18 Let me just point you to one of these questions. 19 There's obviously a lot of questions here, and I don't want 20 to walk through all of them, but number 9, how much effort 21 is it to manage this in perpetuity, is this outsourced or do 22 we build?</p> <p>23 Was there a discussion with Kik about how much 24 effort it would take to build this thing -- to build this 25 thing -- to build a Kin ecosystem?</p>	<p style="text-align: center;">Page 88</p> <p>1 important?</p> <p>2 THE WITNESS: Various reasons. It affects, for 3 example, the viability of being able to build a 4 particular kind of application, to support a particular 5 level of throughput. Many technical reasons why you 6 would choose one blockchain over another.</p> <p>7 MR. MITCHELL: So picking the blockchain -- so 8 picking between different blockchains is actually like 9 a decision that somebody has to make?</p> <p>10 THE WITNESS: Absolutely. Every project has to 11 make such a decision.</p> <p>12 Some projects build their own 13 blockchain.</p> <p>14 MR. MITCHELL: Sorry.</p> <p>15 You think that -- sorry -- 16 I'm trying to -- that would be important to sort of the 17 outcome of a project or outcome of picking the 18 blockchain is?</p> <p>19 THE WITNESS: Well, in the sense that, you know, 20 riding a horse or riding a Mercedes is important to how 21 you get to a place in the same way your choice of 22 technology is important to whether your project works 23 and operates correctly, whether your product is 24 adoptable by users and probably many other factors.</p> <p>25 MR. MITCHELL: I apologize if I'm asking a very</p>
<p style="text-align: center;">Page 87</p> <p>1 A I'm not sure what "this," the word "this" refers 2 to. So let me take a minute to review the document, if 3 that's okay.</p> <p>4 Q Please do. I'm not sure I do either. I might be 5 asking you that.</p> <p>6 A (Perusing.) After reviewing the document, it -- 7 to me, it's very ambiguous what Peter is asking here. I'm 8 sure it was ambiguous to me at the time I received it as 9 well.</p> <p>10 So it's hard for me to answer the question of, I 11 guess, what he means by this. He could be referring to any 12 number of things with respect to the project.</p> <p>13 MR. MITCHELL: I don't think that's where Jeff 14 was trying to go.</p> <p>15 Putting the document down, did you have 16 conversations with Kik about how much effort it would 17 take to create the product that you described earlier?</p> <p>18 THE WITNESS: I'm sure we did. Essential 19 question would be, you know, in such a product, would 20 be, you know, what do we need to implement, what 21 blockchain do we need to use, how many engineers should 22 we hire to do this, right?</p> <p>23 So I'm sure we had conversations. I can't recall 24 a specific conversation to that effect.</p> <p>25 MR. MITCHELL: Why is the choice of blockchain</p>	<p style="text-align: center;">Page 89</p> <p>1 basic question.</p> <p>2 And that's because different blockchains work 3 differently?</p> <p>4 THE WITNESS: Absolutely. Different blockchains 5 have different, like, pricing for transactions. They 6 have different speeds.</p> <p>7 They have different finality 8 times. I mean, I can go for 12 points about how they 9 differ.</p> <p>10 MR. MITCHELL: Yeah, you'll lose me before you 11 get there. And so -- okay. That's great. Thank you.</p> <p>12 BY MR. LEASURE:</p> <p>13 Q I think I will take that back from you.</p> <p>14 A (Handing.)</p> <p>15 MR. MITCHELL: Can I ask one other question about 16 the blockchain, though?</p> <p>17 What sort of -- once a project is going, can't 18 the people who, sort of the decentralized community, 19 get together and then just sort of change the 20 blockchain?</p> <p>21 THE WITNESS: The general answer is it highly 22 depends on the facts and circumstances of every 23 individual blockchain.</p> <p>24 In certain blockchains, that 25 might be possible through a decentralized governance</p>

<p style="text-align: center;">Page 90</p> <p>1 system.</p> <p>2 And in other blockchains, like bitcoin, it</p> <p>3 would be extremely hard to change the state of the</p> <p>4 blockchain, at least outside of the rules of how the</p> <p>5 status changed.</p> <p>6 MR. LEASURE: Can we make it specific to the Ken</p> <p>7 offering, then?</p> <p>8 MR. MITCHELL: Yeah.</p> <p>9 BY MR. LEASURE:</p> <p>10 Q Just so when Kin was offered to the public,</p> <p>11 again, I'll represent to you was September of 2017, what</p> <p>12 blockchain was it on?</p> <p>13 A So I believe Kin was anticipating being an ERC20</p> <p>14 token on the Ethereum blockchain.</p> <p>15 Q Got it.</p> <p>16 MR. MITCHELL: And so can everybody on the</p> <p>17 Ethereum -- could people have gotten together and just</p> <p>18 sort of -- let me start over.</p> <p>19 Could the decentralized community have gotten</p> <p>20 together and just moved Kik -- the Kin tokens off the</p> <p>21 Ethereum blockchain?</p> <p>22 THE WITNESS: That has never happened -- well, it</p> <p>23 kind of depends on what you mean, I suppose.</p> <p>24 Would the holders of Kin tokens be able to, you</p> <p>25 know -- you know, as a group, unilaterally make such a</p>	<p style="text-align: center;">Page 92</p> <p>1 worked with CoinFund's counsel to try and get some of them.</p> <p>2 We're trying not to be overly burdensome and asking for</p> <p>3 every Google document. I think the attachments here at</p> <p>4 least reflect the consolidated questions documents, and</p> <p>5 maybe some of the other ones as Google documents.</p> <p>6 Does that make sense?</p> <p>7 A That would make sense to me.</p> <p>8 Q Okay. The subject here is additional research</p> <p>9 deliverables.</p> <p>10 What is this document?</p> <p>11 A So, as we saw previously, you know, Peter had</p> <p>12 written us and asked us for additional -- an additional</p> <p>13 consultation around some of the questions that he posed in</p> <p>14 an attachment to the previous e-mail. This is a response to</p> <p>15 that attachment.</p> <p>16 Q Got it. Okay.</p> <p>17 A I believe this is the response.</p> <p>18 Q That's fine.</p> <p>19 Again, this is a long document. I just want to</p> <p>20 point you to various sections, okay?</p> <p>21 A Uh-huh.</p> <p>22 Q If I can point you to the page with the stamp</p> <p>23 19855. It is, in fact, the page you are on.</p> <p>24 A That's correct.</p> <p>25 Q It looks like Peter asked, correct me if I'm</p>
<p style="text-align: center;">Page 91</p> <p>1 decision? No.</p> <p>2 MR. MITCHELL: Okay.</p> <p>3 BY MR. LEASURE:</p> <p>4 Q Cool. I think this relates to the document we</p> <p>5 just saw, but maybe you can tell me.</p> <p>6 This is a document previously marked as</p> <p>7 Exhibit 54. Here you go.</p> <p>8 Exhibit 54 is an e-mail printout with one of the</p> <p>9 attachments.</p> <p>10 A Uh-huh.</p> <p>11 Q Well, maybe more of the attachments.</p> <p>12 A Uh-huh.</p> <p>13 Q The e-mail is dated April 3, 2017, from Jake</p> <p>14 Brukhman to people at Kik, and an e-mail address at</p> <p>15 CoinFund.</p> <p>16 It has the Bates stamp COINFUND20091. And let me</p> <p>17 just represent some things to you.</p> <p>18 The attachment begins on 19854. I will represent</p> <p>19 to you we -- I think these are -- the links you see in the</p> <p>20 e-mail are Google documents.</p> <p>21 Is it right that, in sharing documents with Kik,</p> <p>22 CoinFund would sometimes use -- exchange Google documents</p> <p>23 and links to Google documents with Kik?</p> <p>24 A That's correct.</p> <p>25 Q All right. I will just represent to you we have</p>	<p style="text-align: center;">Page 93</p> <p>1 wrong, there's 3/23 questions from Peter, "What is the</p> <p>2 structure of economy and mapping of all stakeholders both</p> <p>3 primary, market participants and secondary?"</p> <p>4 It looks like CoinFund -- is this a chart</p> <p>5 prepared by CoinFund laying out the potential token sale</p> <p>6 participants?</p> <p>7 A I would say this is a chart, and it's certainly</p> <p>8 prepared by CoinFund.</p> <p>9 Q Okay.</p> <p>10 A And I believe that it is, you know, more or less</p> <p>11 a standard diagram of how token sales, using a smart</p> <p>12 contract, were conducted at the time.</p> <p>13 It shows the issuer, Kik Interactive. It shows a</p> <p>14 yellow square for the smart contract it represents and</p> <p>15 implements the token sale.</p> <p>16 And it has two circles that</p> <p>17 identifies private investors which, in my mind, translates</p> <p>18 to institutional, accredited private investors, and also</p> <p>19 cryptoinvestors, in general.</p> <p>20 And it has arrows showing that, you know, some of</p> <p>21 the token supply moves to the issuer as a hold-back. Some</p> <p>22 of the token supply moves to the investors in exchange for</p> <p>23 their buy-in into this token sale.</p> <p>24 You know, I would say this diagram is</p> <p>25 representative of, you know, many, many ICOs that were</p>

<p style="text-align: center;">Page 94</p> <p>1 conducted at that time in this manner.</p> <p>2 Q Got it.</p> <p>3 This wasn't reinventing the wheel by</p> <p>4 CoinFund. This was a standard model at the time?</p> <p>5 A It's not even -- I wouldn't even say it's even a</p> <p>6 standard model. I would say this is simply a description of</p> <p>7 what we saw was happening in the market.</p> <p>8 Q Understood.</p> <p>9 This contemplates a structure where there was a</p> <p>10 private commitment by private investors, and then or -- and</p> <p>11 a buy-in by cryptoinvestors, correct?</p> <p>12 A Uh-huh.</p> <p>13 Q Okay.</p> <p>14 Specifically for the Kin offering, when</p> <p>15 was it decided to go with a model where there would be a</p> <p>16 sale to private investors and a sale to cryptoinvestors?</p> <p>17 A So, actually, I want to clarify it, now looking</p> <p>18 more at this diagram.</p> <p>19 Q Sure.</p> <p>20 A I had said, when I look at the private investors,</p> <p>21 I think of them as being like institutions. However, I want</p> <p>22 to -- I want to restate that that's the case sort of later</p> <p>23 on in the offering.</p> <p>24 This is actually a very early -- this</p> <p>25 is like pre -- this is just in the research phase here.</p>	<p style="text-align: center;">Page 96</p> <p>1 THE WITNESS: That would -- if I'm correct, that</p> <p>2 this event took place in June, that would have been</p> <p>3 after the publication of the whitepaper, which happened</p> <p>4 at token -- well, the release happened at Token Summit</p> <p>5 at the end of May.</p> <p>6 BY MR. LEASURE:</p> <p>7 Q Okay. Let me turn to the next page with the</p> <p>8 Bates stamp 19856.</p> <p>9 MR. MITCHELL: Could I just ask one follow-up</p> <p>10 question?</p> <p>11 That chart that's on the first page or maybe I</p> <p>12 guess the whole -- all this -- did you discuss -- did</p> <p>13 you discuss that concept with people at Kik during your</p> <p>14 work for them, sort of the concept that's in that</p> <p>15 chart?</p> <p>16 THE WITNESS: Beyond sending them the additional</p> <p>17 research, I do not have recollection I specifically</p> <p>18 discussed these charts with people at Kik.</p> <p>19 BY MR. LEASURE:</p> <p>20 Q Sorry --</p> <p>21 A So we are going to the next page, which is 19856.</p> <p>22 Q Yeah, you got it. Right at the top it says,</p> <p>23 "Cryptoinvestors' include regular participants of token</p> <p>24 sales as well as Kik users who are participating in the sale</p> <p>25 by way of cryptocurrency."</p>
<p style="text-align: center;">Page 95</p> <p>1 And, in this case, what I mean when I say</p> <p>2 "private investors," it's just simply -- I think investors</p> <p>3 that go directly to the company to secure an allocation</p> <p>4 without making a determination on whether they are</p> <p>5 institutions or not, right?</p> <p>6 So in a smart contract type of sale, private</p> <p>7 investor, I think, means just someone who goes directly to</p> <p>8 the company.</p> <p>9 In the context of the sale that Kik actually</p> <p>10 ended up conducting, which was using an instrument called</p> <p>11 the SAFT, as I'm sure you're aware, private investors in</p> <p>12 that case would mean the SAFT participants, and those are</p> <p>13 typically institutions.</p> <p>14 Q I appreciate the clarification. That anticipates</p> <p>15 my next question.</p> <p>16 I don't need the exact hour, date, minute it was</p> <p>17 decided, but in your head, roughly when did you understand</p> <p>18 that Kik was considering going with that SAFT followed by a</p> <p>19 public sale structure?</p> <p>20 A I don't remember the exact date when I got that</p> <p>21 knowledge, received that knowledge, but I believe, and I may</p> <p>22 be wrong, but I believe it was in early June of 2017.</p> <p>23 Q Okay.</p> <p>24 MR. MITCHELL: Do you remember whether it was</p> <p>25 before or after the whitepaper was published?</p>	<p style="text-align: center;">Page 97</p> <p>1 Let me pause there.</p> <p>2 This is early in the process. This is, what,</p> <p>3 early April?</p> <p>4 There's five plus months until the public</p> <p>5 sale.</p> <p>6 Do you know, does this describe the groups who</p> <p>7 actually participated in the public sale of Kin?</p> <p>8 A I have no knowledge of who actually participated</p> <p>9 in the public sale of Kin.</p> <p>10 Q That's fine.</p> <p>11 Did Kik users -- were users of the Kik Messaging</p> <p>12 application a significant audience for the Kin offering?</p> <p>13 A I could not know that. I do not know that.</p> <p>14 Q Do you know who -- just in your work with Kik or</p> <p>15 otherwise, do you know who the typical users of the Kik</p> <p>16 Messaging app are?</p> <p>17 A Yes.</p> <p>18 In our initial -- in our initial research</p> <p>19 meeting or kickoff meeting with Kik, we asked about the</p> <p>20 demographics of Kik's user base.</p> <p>21 Q And who were they, generally?</p> <p>22 A Generally, younger users.</p> <p>23 Q And is that the same -- are younger users of a</p> <p>24 messaging app like Kik the same audience that would</p> <p>25 regularly participate in token sales during this time?</p>

<p style="text-align: center;">Page 98</p> <p>1 A I don't know who regularly participates in token 2 sales.</p> <p>3 Token sales, especially at this period of time, 4 are anonymous.</p> <p>5 And so it would be hard for me to determine 6 the age. You know, obviously, we run surveys to try to 7 ascertain what the demographics of those folks are.</p> <p>8 What the surveys show is that probably, maybe, 9 the age range is probably different from younger users.</p> <p>10 Q And just so we're clear, when we say younger 11 users of the Kik Messaging app, are we talking about, I hate 12 using generational terms, but teenagers, young adults? What 13 was your sense?</p> <p>14 A I believe we got a numerical age range from the 15 team. You might even have the document which has our notes 16 on that. I do not have it in front of me.</p> <p>17 Q That's fine. We can find that.</p> <p>18 Let me point you to another section on the same 19 page, 19856. Right at the bottom, the second to last 20 paragraph. I will read it. Just tell me if don't see it.</p> <p>21 "Users will be able to redeem KT for bitcoin or 22 fiat value on cryptocurrency exchanges. Similarly, Kik 23 Interactive, as well as investors in cryptomarket 24 speculators obtain KT liquidity on cryptocurrency 25 exchanges."</p>	<p style="text-align: center;">Page 100</p> <p>1 Q And the red circle in this diagram that's 2 entitled "Cryptomarket," do you see that?</p> <p>3 A I do.</p> <p>4 Q Are those the exchanges?</p> <p>5 A I would be referring to some kind of venue for 6 liquidity for tokens, yes.</p> <p>7 MR. MITCHELL: Such as the exchanges we discussed 8 earlier?</p> <p>9 THE WITNESS: Such as crypto exchanges.</p> <p>10 Q Can I point you to the next page, 19857? It 11 says, "Regulatory bodies" -- "Precise regulatory analysis 12 must be completed in a thorough compliance review by legal 13 professionals. The following should not be construed as 14 legal advice."</p> <p>15 Among other things that follows, there's analysis 16 on the SEC and their potential reaction to this, correct?</p> <p>17 A That's what is on the page, yes.</p> <p>18 Q Great. Why did CoinFund do this?</p> <p>19 A Do what?</p> <p>20 Q Do this. Good question.</p> <p>21 Why did CoinFund provide this analysis to Kik?</p> <p>22 A I mean, it was our desire to -- to provide our 23 client with sort of our intellectual knowledge, recognizing 24 that we are not legal professionals, accountants, tax 25 people, et cetera, but just the intellectual knowledge of</p>
<p style="text-align: center;">Page 99</p> <p>1 Do you see that?</p> <p>2 A I do.</p> <p>3 Q First, I guess, KT, any reason to think that 4 doesn't mean Kik tokens?</p> <p>5 A I believe it means Kik tokens in this context.</p> <p>6 Q Maybe they hadn't come up with the term "Kin" 7 yet?</p> <p>8 A That's correct. This is prior to the naming of 9 the currency.</p> <p>10 Q Was getting -- we may have touched this already, 11 but was getting Kik tokens, what became Kin, onto exchanges 12 important to the economy that was being contemplated here?</p> <p>13 A I mean, it could be. It's hard to say, because I 14 don't think that we have seen this system in actuality. So 15 it's hard to judge whether it would be important or not.</p> <p>16 Q But, at this time, I take it, CoinFund was 17 diagramming, literally diagramming the potential -- the 18 economics of a future Kin ecosystem, correct?</p> <p>19 A Well, this diagram describes sort of our 20 conception of the so-called cryptoeconomics of the system as 21 we saw at this very early research phase. Whether this is 22 actually what Kin -- the Kik team intended or whether they 23 followed this blueprint is not for me to know, but this is 24 certainly how I envisioned, at that time, the economics of 25 the system.</p>	<p style="text-align: center;">Page 101</p> <p>1 our understanding of the regulatory environment with the 2 additional recommendation that they consult their counsel 3 for establishing the compliance of their process.</p> <p>4 Q So would you agree that, even relatively early on 5 in the process of considering a token offering, Kik was at 6 least aware of potential regulatory issues with the SEC?</p> <p>7 A I don't know what Kik was aware of. I can say --</p> <p>8 Q If they read this, they were aware of it, 9 correct?</p> <p>10 A I don't know who read this. I don't know how 11 they -- what they read would have factored into their 12 internal -- how it would have factored into their internal 13 discussions. So I can't say how they -- whether they read 14 it or how they reacted to it.</p> <p>15 Q CoinFund certainly raised the issue, correct?</p> <p>16 A CoinFund included the issue in this response 17 e-mail.</p> <p>18 Q Okay.</p> <p>19 MR. LEASURE: Why don't we go off the record?</p> <p>20 THE VIDEOGRAPHER: We are now off the record at 21 11:32 a.m. (Recess taken.)</p> <p>22 THE VIDEOGRAPHER: This is tape three of the 23 deposition of Jake Brukhman. We are now on the record 24 at 11:40 a.m.</p>

<p style="text-align: center;">Page 102</p> <p>1 BY MR. LEASURE:</p> <p>2 Q On the record after a brief break during which,</p> <p>3 Mr. Brukhman, did you have any substantive conversations</p> <p>4 about this investigation with SEC staff?</p> <p>5 A We did not.</p> <p>6 Q Okay. Let me point you to one or two more pieces</p> <p>7 of this document, Exhibit 54, one with 19867 on the Bates</p> <p>8 stamp.</p> <p>9 19867 at the top says, "At a high level one MVP</p> <p>10 system is," and then lists out five things.</p> <p>11 We are going to be talking about this term more</p> <p>12 later today, but in the context of the Kin offering, what is</p> <p>13 an MVP?</p> <p>14 A MVP generally stands for a minimum viable</p> <p>15 product. What is being referred to here as an MVP is sort</p> <p>16 of the minimum viable pieces that would kind of create a,</p> <p>17 you know, fully, end-to-end product for Kik, but not</p> <p>18 necessarily, you know, comprehensive product. It's a</p> <p>19 minimum viable product.</p> <p>20 Q And did it have any particular -- that term, MVP,</p> <p>21 did it have particular specialized usage in connection with</p> <p>22 the Kin offering beyond that?</p> <p>23 A This is a standard term used in technology to</p> <p>24 refer to kind of early releases of software.</p> <p>25 Q Okay. For purposes of CoinFund's analysis, just</p>	<p style="text-align: center;">Page 104</p> <p>1 A I don't know that to be the case. I did not</p> <p>2 review the smart contracts personally.</p> <p>3 Q Fair enough. Number three, the messenger server.</p> <p>4 This says, "The messenger interacts with the Ethereum</p> <p>5 network to settle transactions."</p> <p>6 Did that exist?</p> <p>7 A So, I don't know.</p> <p>8 Q Okay.</p> <p>9 A Also, it's important to remember that this is,</p> <p>10 you know, my conception --</p> <p>11 Q Totally.</p> <p>12 A -- of what the MVP would be. It's completely not</p> <p>13 clear whether Kik even read this or followed this advice or</p> <p>14 used this as a blueprint for their offering, and I'm not</p> <p>15 aware and don't know whether they had a messenger server at</p> <p>16 that time.</p> <p>17 Q Totally.</p> <p>18 But to be clear, this wasn't -- this was</p> <p>19 something you wrote out as what an MVP system would look</p> <p>20 like?</p> <p>21 A In my conception of what I thought, at a high</p> <p>22 level, it would be, yes.</p> <p>23 Q This wasn't Kik saying what they were going to do</p> <p>24 with an MVP system at the time in April of 2017?</p> <p>25 A Certainly. I'm the author of this -- of this</p>
<p style="text-align: center;">Page 103</p> <p>1 help me understand, why was CoinFund analyzing what an MVP</p> <p>2 system might be for a future Kin offering?</p> <p>3 A Because every project is interested to know, you</p> <p>4 know, at which point and given which requirements they could</p> <p>5 launch.</p> <p>6 Q Okay. And there are five points of this</p> <p>7 high-level MVP system listed here, correct?</p> <p>8 A I believe so.</p> <p>9 Q Yeah. I think the next page doesn't have any</p> <p>10 more.</p> <p>11 Which of these were actually present, if you</p> <p>12 wouldn't mind looking through them, which of these were</p> <p>13 actually present or in existence when the public sale was</p> <p>14 accomplished?</p> <p>15 A So it's hard for me to analyze exactly which of</p> <p>16 these were present. So, you know, the portal website</p> <p>17 certainly existed. That is a publicly-accessible piece of</p> <p>18 information about the offering. So I can say confidently</p> <p>19 that the portal website definitely existed.</p> <p>20 Q Oh, I see. So the portal website where investors</p> <p>21 can remit funds to the token sale, that existed, right?</p> <p>22 A At the time of the sale, that existed, yes.</p> <p>23 Q There were smart -- for one, smart contracts or</p> <p>24 Kik tokens and issuance structures secured and deployed on</p> <p>25 Ethereum that existed, is that right, or do you know?</p>	<p style="text-align: center;">Page 105</p> <p>1 paragraph.</p> <p>2 Q Understood. Just wanted to be clear.</p> <p>3 Just to finish it out. Item 4, various in-app</p> <p>4 integrations, wallet remittance, tipping, in-game currency.</p> <p>5 Was that in place at the time of the public sale?</p> <p>6 A I am not aware of exactly what was in place in</p> <p>7 terms of integrations at the time of the sale.</p> <p>8 Q So you don't know?</p> <p>9 A I don't know.</p> <p>10 Q Was there a wallet in place at the time of the</p> <p>11 public sale?</p> <p>12 A I don't know.</p> <p>13 Q Did you personally buy Kin either in the private</p> <p>14 or purpose sale?</p> <p>15 A I did not personally buy Kin in any sale.</p> <p>16 Q Did CoinFund, LLC?</p> <p>17 A CoinFund, LLC did not buy Kin in any sale.</p> <p>18 Q My understanding is that at least one employee or</p> <p>19 partner or member of CoinFund did; is that right?</p> <p>20 A Alex Felix was an investor in the Kin sale, yes.</p> <p>21 Q Great. Anyone else affiliated with CoinFund</p> <p>22 participate?</p> <p>23 A To the best of my knowledge, no.</p> <p>24 Q Okay.</p> <p>25 MR. MITCHELL: Was there any integration of Kin</p>

<p style="text-align: center;">Page 106</p> <p>1 into the -- sorry. I'm looking at number 4 again.</p> <p>2 Was there any in-app integration of Kik at the</p> <p>3 time of the sale to the public?</p> <p>4 THE WITNESS: I don't know.</p> <p>5 MR. MITCHELL: Did anyone from Kik ever talk to</p> <p>6 you and ask your opinion or advice about what --</p> <p>7 what -- sorry -- whether in-app integration was</p> <p>8 something that sort of the market would want?</p> <p>9 THE WITNESS: I don't think anyone specifically</p> <p>10 talked to me about that.</p> <p>11 MR. MITCHELL: Did they ask you anything</p> <p>12 generally about, hey, how would in-app integration sort</p> <p>13 of affect our business opportunities?</p> <p>14 THE WITNESS: To the best of my recollection, I</p> <p>15 never had such a conversation.</p> <p>16 MR. MITCHELL: Thanks.</p> <p>17 BY MR. LEASURE:</p> <p>18 Q So we have seen the prior research deliverable.</p> <p>19 There's this, answers to Peter's questions, right?</p> <p>20 Was there any additional research -- I know</p> <p>21 there's subsequent work done, obviously, by CoinFund, but</p> <p>22 was there other research like this or research deliverables</p> <p>23 that CoinFund prepared?</p> <p>24 A When you say "like this," what do you mean? Like</p> <p>25 as a consolidated like document?</p>	<p style="text-align: center;">Page 108</p> <p>1 brains, thoughts around product, thoughts around the</p> <p>2 economics of such a system, and in a similar capacity to</p> <p>3 what we were doing.</p> <p>4 Q Do you think -- so we've just seen two, you know,</p> <p>5 lengthy research deliverables that CoinFund delivered to</p> <p>6 Kik.</p> <p>7 Do you think Kik incorporated CoinFund's analysis</p> <p>8 into what became the Kin offering?</p> <p>9 A I have no way of knowing how they integrated or</p> <p>10 did not integrate our analysis. I know that I sent them the</p> <p>11 analysis, but I just have no way of knowing what, if</p> <p>12 anything, they incorporated into their offering from our</p> <p>13 analysis.</p> <p>14 Q Do you have any reason to doubt that they</p> <p>15 reviewed it and thought about it?</p> <p>16 A I just simply don't know. I just don't have that</p> <p>17 knowledge.</p> <p>18 Q Okay. I will take -- just for housekeeping, let</p> <p>19 me take those documents back.</p> <p>20 MR. ROSHKA: (Handing.)</p> <p>21 MR. LEASURE: Thank you.</p> <p>22 Q Let me show you a document I will have marked as</p> <p>23 Exhibit 60.</p> <p>24 (SEC Exhibit No. 60 was marked for</p> <p>25 identification.)</p>
<p style="text-align: center;">Page 107</p> <p>1 Q Consolidated analysis, yes.</p> <p>2 A I believe these are the two main consolidated</p> <p>3 analysis -- analyses that were delivered to Kik in our</p> <p>4 research phase. Certainly, we did work subsequently and</p> <p>5 there may have been one-off analyses that we delivered.</p> <p>6 They did not have this kind of comprehensive</p> <p>7 form, to the best of my memory.</p> <p>8 Q Were there other firms other than CoinFund</p> <p>9 providing this type of analysis to Kik at the time?</p> <p>10 A I can only speak to the fact that, you know, we</p> <p>11 worked, specifically myself and, you know, and other members</p> <p>12 of the Kik team worked with CoinTree. We were present in</p> <p>13 meetings together with CoinTree during the summit in Tel</p> <p>14 Aviv.</p> <p>15 You know, I can speak to some of like what was</p> <p>16 covered in those meetings, but I don't know what, if any,</p> <p>17 kind of analysis was provided by CoinTree, let's say, to</p> <p>18 Kik. I'm just not privy to those communications.</p> <p>19 Q Fair enough.</p> <p>20 And at a high level, what did CoinTree do in</p> <p>21 connection with the Kin offering?</p> <p>22 A You know, to the best of my sort of view, from</p> <p>23 where I sat, they provided -- you know, they participated</p> <p>24 along with us in the Tel Aviv summit where we were defining</p> <p>25 the product. And so they provided, you know, kind of</p>	<p style="text-align: center;">Page 109</p> <p>1 Q Take a look at Exhibit 60 and let me know when</p> <p>2 you're ready.</p> <p>3 I will identify it for the record as a multi-page</p> <p>4 printout of an e-mail chain ending March 23, 2017, with the</p> <p>5 subject "Quick Update."</p> <p>6 It has the Bates stamp COINFUND10967.</p> <p>7 A (Perusing.) I'm going to take a minute to review</p> <p>8 the document, if that's okay.</p> <p>9 Q I appreciate it. Let me know when you're ready.</p> <p>10 A (Perusing.) I have completed reading the</p> <p>11 document.</p> <p>12 Q Okay. What is this document?</p> <p>13 A This is an e-mail from Hayeon Kim to the CoinFund</p> <p>14 team, noting that our deliverable was received and that Kik</p> <p>15 would be looking probably to move into phase two of the</p> <p>16 project.</p> <p>17 Q Cool. And if I were to interpret the deliverable</p> <p>18 to be the research work that we just reviewed, can you think</p> <p>19 of anything else you might be referring to?</p> <p>20 A It appears that they are referring to the main</p> <p>21 research deliverable. They refer to it as final</p> <p>22 deliverable. That's how we referred to it, even though, in</p> <p>23 fact, it was not the final deliverable. We had an</p> <p>24 additional piece of research.</p> <p>25 Q Clients do that.</p>

Page 110	Page 112
<p>1 A Clients will do that.</p> <p>2 So I believe that she is referring to that</p> <p>3 deliverable.</p> <p>4 Q And she references -- she says, "Hope you are</p> <p>5 well. We've reviewed and discussed the final deliverable</p> <p>6 with the executive team yesterday in an epic three-hour</p> <p>7 meeting. It was very well received."</p> <p>8 Did you hear anything else about that allegedly</p> <p>9 epic three-hour meeting or anything about Kik's response to</p> <p>10 the deliverable?</p> <p>11 A To the best of my recollection, I did not. I'm</p> <p>12 looking at this e-mail now, and it's great, but it also does</p> <p>13 not make any kind of determination about how the materials</p> <p>14 were used.</p> <p>15 Q No. I understand. And I'm just trying to see if</p> <p>16 this refreshes any recollections.</p> <p>17 There's also a reference, she says, "We have a</p> <p>18 good idea of what we will be focusing on for the BOD in</p> <p>19 order to move on to phase two of the project."</p> <p>20 First, I guess, does any of that refresh any</p> <p>21 recollections about discussions about, you know, Kik's</p> <p>22 management, meeting with its board, discussing the research?</p> <p>23 A To the best of my recollection, we never met with</p> <p>24 Kik's board. We never discussed how the board processed our</p> <p>25 deliverable or how the team processed the deliverable.</p>	<p>1 They certainly had counsel.</p> <p>2 Q Did CoinFund engage at all with that counsel in</p> <p>3 connection with compliance in the Kin tokens?</p> <p>4 A I was present in a meeting that I recall where</p> <p>5 Kik's counsel, which was Cooley, and represented by Marco</p> <p>6 Santori, was in the room and they discussed compliance</p> <p>7 issues.</p> <p>8 Q Okay. Tell me what you can about that meeting.</p> <p>9 In other words, where was it or when was it?</p> <p>10 MR. ROSHKA: Let's just be cautious. Was Cooley</p> <p>11 your counsel at the time in any capacity?</p> <p>12 THE WITNESS: It may have been -- like I don't</p> <p>13 know the date of that meeting in my memory, but Cooley</p> <p>14 was also our counsel in a separate matter, which is the</p> <p>15 matter of structuring CoinFund, LP, our hedge fund.</p> <p>16 At that time, Marco was acting in the capacity of</p> <p>17 Kik's counsel, but I do not remember whether that was</p> <p>18 before or after Cooley was retained as our counsel.</p> <p>19 BY MR. LEASURE:</p> <p>20 Q That's fine.</p> <p>21 So let me just ask general questions and we'll</p> <p>22 see where we go.</p> <p>23 I know you don't remember when the meeting was.</p> <p>24 Do you think it was before or after, say, the research</p> <p>25 deliverables we just saw?</p>
<p style="text-align: center;">Page 111</p> <p>1 It's great that they thought it was good and well</p> <p>2 received, and that made us feel good as a researcher, but I</p> <p>3 have no knowledge or recollection about any conversations</p> <p>4 about how the company used the deliverable.</p> <p>5 Q Okay. You then, I think in response to Ms. Kim,</p> <p>6 perhaps, write, "Here is what we suggest for scoping," and</p> <p>7 then you write, "We would offer to structure another</p> <p>8 proposal to continue working with Kik for putting together a</p> <p>9 roadmap and estimate costs. This could involve," and then</p> <p>10 there's a list of three things.</p> <p>11 I think we're, just in the spirit of</p> <p>12 transitioning to what else CoinFund did, I wanted to walk</p> <p>13 through these three and just first confirm, did CoinFund do</p> <p>14 these things for Kik?</p> <p>15 A So let's go through them one by one.</p> <p>16 Number one contemplates going through a</p> <p>17 compliance review. It would have been CoinFund's</p> <p>18 expectation that our client, Kik, would retain counsel and</p> <p>19 would go to them for a compliance review, and we encouraged</p> <p>20 our client to do this, as you can see in this e-mail.</p> <p>21 Q Sorry. Just to pause.</p> <p>22 Kik did retain counsel and do a compliance</p> <p>23 review, as best as you know?</p> <p>24 A I'm not aware of what specifically they did for</p> <p>25 compliance review. I'm just not privy to those discussions.</p>	<p style="text-align: center;">Page 113</p> <p>1 A It's -- I don't want to speculate when it was. I</p> <p>2 just don't remember.</p> <p>3 Q I understand you don't want to speculate. It was</p> <p>4 before the token offering, correct?</p> <p>5 A It would have been before the token offering.</p> <p>6 Q And the topic, you said, was compliance; is that</p> <p>7 right?</p> <p>8 A One of the topics discussed in the meeting was</p> <p>9 compliance.</p> <p>10 Q Okay. It was you -- was it just you at CoinFund?</p> <p>11 Were other people at CoinFund present?</p> <p>12 A I don't recall.</p> <p>13 Q I take it Kik people were there?</p> <p>14 A I'm sure Kik people were there. I,</p> <p>15 unfortunately, do not remember who specifically was there.</p> <p>16 Q Where was it?</p> <p>17 A I believe it was -- I'm actually now -- I'm not</p> <p>18 sure. I'm not sure if I'm recalling Marco Santori in the</p> <p>19 capacity of Kik's lawyer or Marco Santori in the capacity of</p> <p>20 another client's lawyer. I'm actually not sure that it's</p> <p>21 correct.</p> <p>22 Q That's fine.</p> <p>23 Just one more item on this particular Exhibit 60.</p> <p>24 Writing out a roadmap for integration and estimating costs</p> <p>25 for developing, marketing and ongoing compliance.</p>

<p style="text-align: center;">Page 114</p> <p>1 Did you guys -- did you guys -- did CoinFund do 2 that?</p> <p>3 A I'm sorry. Can you repeat the question?</p> <p>4 Q Sure. Item 3, writing out a roadmap, did 5 CoinFund do that?</p> <p>6 A I believe we did.</p> <p>7 Q Okay. Let me maybe show you what might be a 8 contract about this next phase. If I can pull that back 9 from you.</p> <p>10 A (Handing.)</p> <p>11 MR. LEASURE: I'm going to have this -- I'm going 12 to have this marked as Exhibit 61.</p> <p>13 (SEC Exhibit No. 61 was marked for 14 identification.)</p> <p>15 Q Take a look at Exhibit 61, and as always, let me 16 know when you are ready.</p> <p>17 A Thank you.</p> <p>18 Q Exhibit 61 is a multi-page document dated May 6, 19 2007, with the Bates stamp COINFUND5973.</p> <p>20 As always, I'm going to ask you what this is and 21 then really point you to specific parts of it.</p> <p>22 A (Perusing.) Okay.</p> <p>23 Q Okay. What is this?</p> <p>24 A This is the original CoinFund engagement 25 agreement with Kik Interactive on sort of the post research</p>	<p style="text-align: center;">Page 116</p> <p>1 MR. MITCHELL: One second. 2 The terms you just described, was that the 3 original agreement or the revised agreement? <p>4 THE WITNESS: This is the revised agreement that 5 went into actual effect.</p> <p>6 Q I apologize. Got it. Okay.</p> <p>7 Any other changes?</p> <p>8 A It's possible that there are minor changes. I 9 would have to do a red line between two contracts to know 10 exactly.</p> <p>11 MR. MITCHELL: Did the scope of work -- did the 12 sort of the tasks that Kik was asking CoinFund to do, 13 did that change materially?</p> <p>14 THE WITNESS: In the course of changing from this 15 original agreement to the subsequent agreement that was 16 in place, did our scope change?</p> <p>17 MR. MITCHELL: Yes.</p> <p>18 THE WITNESS: I do not believe it did.</p> <p>19 BY MR. LEASURE:</p> <p>20 Q And I have to ask this. You signed this original 21 agreement?</p> <p>22 A I did.</p> <p>23 Q Okay. Let me point you to the last parts of 24 this. It's on stamp 5992.</p> <p>25 Do you see that it looks like a list of items or</p> </p>
<p style="text-align: center;">Page 115</p> <p>1 phase of our engagement. This particular engagement was 2 subsequently terminated and replaced with the actual 3 engagement that we had with Kik.</p> <p>4 Q So this was, in fact, superseded by a subsequent 5 engagement?</p> <p>6 A That's correct.</p> <p>7 Q Why was it superseded? What changed?</p> <p>8 A On the advice of our counsel, we decided to 9 change some of the aspects of this agreement.</p> <p>10 Q Don't tell me about the advice of your counsel 11 specifically, please.</p> <p>12 What aspects changed in the subsequent agreement?</p> <p>13 A Primarily what changed was the compensation 14 structure.</p> <p>15 Q How did it change?</p> <p>16 A In the agreement that was implemented 17 subsequently, our compensation structure was in the form of 18 hourly fees followed by fixed success fee for the project 19 net of those fees, and then a discretionary bonus, which was 20 in the discretion of Kik to provide for us.</p> <p>21 Q And in the event, after the agreement was 22 superseded, the arrangements were only to receive hourly 23 fees and not the discretionary bonus?</p> <p>24 A No. The discretionary bonus was available, but 25 at the discretion of Kik based --</p>	<p style="text-align: center;">Page 117</p> <p>1 whitepaper stage, implementation stage, and the like? 2 Do you see that?</p> <p>3 A Yes.</p> <p>4 Q First, I guess, who wrote this?</p> <p>5 A I believe it was my -- me.</p> <p>6 Q And how were these items determined?</p> <p>7 A You know, this is -- this is an estimate of what 8 I thought sort of the hourly expenditure for our team would 9 be for these items and kind of a description of the work 10 that would be included.</p> <p>11 MR. MITCHELL: How did you come up with sort of 12 the work items?</p> <p>13 THE WITNESS: I simply did my best to try to 14 anticipate the work that we would have to do, given our 15 prior experience of working together, you know, and did 16 my best to compartmentalize that as a table.</p> <p>17 MR. MITCHELL: And did you discuss those items 18 with people from Kik?</p> <p>19 THE WITNESS: You know, certainly we shared this 20 information with people from Kik. It was at their 21 request.</p> <p>22 I believe we just looked at an e-mail from Hayeon 23 where she requested to know approximately how much time 24 it would take and kind of an estimate for costs of the 25 roadmap.</p>

<p style="text-align: center;">Page 118</p> <p>1 I'm sure I discussed it with Kik. I don't 2 remember a specific instance of discussion.</p> <p>3 MR. MITCHELL: When you signed this contract, was 4 this the understanding of the work that Kik wanted 5 CoinFund to do? Was this -- was this your 6 understanding -- was this a description of the work 7 that Kik wanted CoinFund to do?</p> <p>8 THE WITNESS: You know, this was a conception 9 from, you know, our side of what that work would 10 entail. It is an estimate. Estimates are usually 11 unreliable, especially in technology. It may or may 12 not have transpired this way. In fact, there almost 13 certainly are sections of this that didn't go in the 14 order that it is presented or maybe even happened at 15 all, but this was an attempt to understand what that 16 process would be.</p> <p>17 MR. MITCHELL: And did anyone from Kik object to 18 any of items that were on here?</p> <p>19 THE WITNESS: To the best of my recollection, 20 they did not.</p> <p>21 MR. MITCHELL: Did Mr. Heinke sign this contract?</p> <p>22 THE WITNESS: I believe he did, on page 5 here.</p> <p>23 BY MR. LEASURE:</p> <p>24 Q Let me walk you few -- let me get words. 25 Let me walk through a few of these items on here</p>	<p style="text-align: center;">Page 120</p> <p>1 wind up doing? 2 A Not much. On one or two occasions, I would 3 present in the Kin Foundation Slack to answer technical 4 questions about the Kin Rewards Engine and Kin 5 cryptocurrency.</p> <p>6 Q We will touch on this maybe more today, but did 7 people at CoinFund, including yourself, ever directly reach 8 out to potential investors in Kin?</p> <p>9 A To the best of my recollection, I never reached 10 out to a prospective investor specifically with the purpose 11 of bringing them to the offering.</p> <p>12 Q Did you or others at CoinFund introduce Kik to 13 potential investors?</p> <p>14 A In the course of working with clients, you know, 15 people definitely reached out to us. They are -- they saw 16 that we were working on the project. They were interested 17 in the project. At times, they may have asked for an 18 introduction to the team.</p> <p>19 There might have been one or two times or three 20 times or some small number of times when that introduction 21 was provided.</p> <p>22 I do not know whether that introduction resulted 23 in investment. I don't know -- it was not my intention 24 to -- to bring an investor to the offering specifically with 25 the goal of having them invest. It's not my core expertise</p>
<p style="text-align: center;">Page 119</p> <p>1 and see what CoinFund actually wound up doing, okay? 2 Under the section whitepaper stage, there's a 3 item 5 that says, "Kin token whitepapers." 4 We are going to walk through this in more detail, 5 but it states that CoinFund's role is that CoinFund will 6 author the Kin token whitepaper.</p> <p>7 Q Do you see where that's written?</p> <p>8 A I do.</p> <p>9 Q Is that what happened?</p> <p>10 A I would say that the Kin whitepaper was 11 definitely a collaboration between not only the CoinFund 12 team and not only the Kik team, but also CoinTree and also 13 other third parties, including a professional writer who did 14 some editing on the paper.</p> <p>15 Q So you would say, correct me if I'm wrong, that 16 people at CoinFund participated in a process of writing a 17 whitepaper?</p> <p>18 A We did.</p> <p>19 Q There's a few items I want to walk through under 20 the implementation stage, again, just to see what CoinFund 21 did.</p> <p>22 The first one is, "One, marketing support. Goal, 23 to reach community investors and liaison with crypto 24 community and media."</p> <p>25 Particularly for this item, what did CoinFund</p>	<p style="text-align: center;">Page 121</p> <p>1 or intention in the course of the project. 2 And I do not know whether any such introductions 3 that we made ended up in like commercial relationships or 4 provider relationships or investor relationships.</p> <p>5 Q How, if at all, was CoinFund's role in the Kin 6 project publicized at the time?</p> <p>7 A We were in the whitepaper. It wasn't -- it 8 wasn't broadly publicized, but someone who read the 9 whitepaper, for example, could know that we were advising on 10 the project.</p> <p>11 Q Was there any other way, like on social media, 12 was it put out there that CoinFund's involvement in this 13 project?</p> <p>14 A I may have tweeted to that effect that, you know, 15 CoinFund or myself was working with Kin. I don't remember 16 specifically what that tweet would have said, but it could 17 have been.</p> <p>18 Q Was CoinFund or were people at CoinFund reluctant 19 to participate in the marketing of Kin?</p> <p>20 A I would say so.</p> <p>21 Q Tell me about that.</p> <p>22 A Marketing is not our core area of expertise. Our 23 core area of expertise is technology and analysis of the 24 economics of cryptoeconomic systems. And sometimes our 25 clients get really excited, you know, they want us to do</p>

<p style="text-align: center;">Page 122</p> <p>1 other things, but it's not something that we enjoy doing or 2 is our core business or anything like that.</p> <p>3 Q Was there any other reason for the reluctance?</p> <p>4 A I'm not sure.</p> <p>5 Q Okay. One more item here. Item 5, "Exchange 6 outreach. Goal, to facilitate the listing of Kik tokens on 7 centralized and decentralized exchanges."</p> <p>8 A Uh-huh.</p> <p>9 Q Tell me about CoinFund's role, if any, in that.</p> <p>10 A To the best of my recollection, we never did 11 this.</p> <p>12 Q Why not?</p> <p>13 A It's just -- it never came up.</p> <p>14 Q Kik never asked you to do it?</p> <p>15 A To the best of my recollection, I was never asked 16 to get Kin tokens in an exchange.</p> <p>17 MR. MITCHELL: Did Kik ever ask anyone from 18 CoinFund to make an introduction to exchanges?</p> <p>19 THE WITNESS: I mean, I can only speak for 20 myself. To the best of my recollection, I do not 21 remember that.</p> <p>22 BY MR. LEASURE:</p> <p>23 Q Okay. Let me take that back from you.</p> <p>24 A (Handing.)</p> <p>25 Q So you -- turning to the Kin whitepaper. You,</p>	<p style="text-align: center;">Page 124</p> <p>1 changes from your draft?</p> <p>2 THE WITNESS: I don't believe I do.</p> <p>3 BY MR. LEASURE:</p> <p>4 Q I apologize for a basic question.</p> <p>5 At a high level, what was the purpose of the Kin 6 whitepaper?</p> <p>7 A In our industry, you know, the purpose of 8 whitepapers varies from describing highly technical or 9 mathematical systems underlying blockchain technologies to 10 describing the products built on top of those technologies.</p> <p>11 In Kik's case, the purpose of the paper was to 12 introduce a motivation of why a company like Kik might want 13 to undertake such a -- such a project, and to describe what 14 the -- kind of the Kin product looked like, and as we 15 discussed previously, that would have been, you know, the 16 decentralized ecosystem around the Kin currency and various 17 parties building applications around that open and 18 decentralized ecosystem.</p> <p>19 Q Was one of the purposes to encourage people to 20 consider purchasing Kin?</p> <p>21 A I wouldn't say that. I would say that the 22 primary purpose of the paper was to describe the product.</p> <p>23 MR. MITCHELL: To who?</p> <p>24 THE WITNESS: To anybody who might be interested 25 in it.</p>
<p style="text-align: center;">Page 123</p> <p>1 yourself, what did you do to help prepare the Kin 2 whitepaper?</p> <p>3 A I authored sections of the paper. I edited the 4 paper.</p> <p>5 Q Did you have the final decision on what went into 6 the whitepaper?</p> <p>7 A No.</p> <p>8 Q Who did?</p> <p>9 A I don't know, but I presume, after sort of we 10 delivered kind of our portion of the work to the Kik team, 11 they would have made that decision.</p> <p>12 MR. MITCHELL: After you delivered, did the 13 document change?</p> <p>14 THE WITNESS: I wouldn't be able to know without 15 doing a red line on sort of my final version and their 16 final version.</p> <p>17 MR. MITCHELL: Do you remember them making any 18 changes?</p> <p>19 THE WITNESS: I don't remember specifically them 20 making a statement to the effect that they made 21 changes. I also did not check whether they did or not.</p> <p>22 MR. MITCHELL: Sure. Did you read the whitepaper 23 after it was published?</p> <p>24 THE WITNESS: I believe I did.</p> <p>25 MR. MITCHELL: Do you remember noticing any</p>	<p style="text-align: center;">Page 125</p> <p>1 BY MR. LEASURE:</p> <p>2 Q Was there a particular audience for the 3 whitepaper that people had in mind?</p> <p>4 A I suppose that would be the people who were 5 interested in the project that would go on the website where 6 that paper was available.</p> <p>7 Q Was the audience cryptoinvestors?</p> <p>8 A It's conceivable that some of the audience was 9 cryptoinvestors. I do not know who specifically the 10 audience of their website would be.</p> <p>11 MR. MITCHELL: What about the audience of the 12 whitepaper?</p> <p>13 THE WITNESS: It would be anyone on the internet.</p> <p>14 MR. MITCHELL: But when it was drafted, did 15 you -- did you have an audience in mind?</p> <p>16 THE WITNESS: My goal in drafting the paper was 17 to describe -- or helping to draft the paper was to 18 describe the product. You know, I would think that the 19 person reading it, in other words, the audience of that 20 paper would be those people interested in understanding 21 what the product was.</p> <p>22 BY MR. LEASURE:</p> <p>23 Q But at the time, you -- you, yourself, were 24 thinking about who the audience or audiences might be for 25 the whitepaper?</p>

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<p>1 A I wouldn't say that I was thinking about who the 2 audience might be. I would say I maybe was thinking about 3 sort of their level of technical sophistication or something 4 like that, but like not specifically who they were or like 5 what class of participant they were.</p> <p>6 The goal of the paper, I would say, from my 7 perspective, is to describe the product, you know, in as 8 simple language as possible to communicate what this product 9 is to anyone who might be interested in the product.</p> <p>10 Q Okay. Let me show you a document. I'm going to 11 mark this as Exhibit 62.</p> <p>12 (SEC Exhibit No. 62 was marked for 13 identification.)</p> <p>14 Q Exhibit 62 is a multi-page printout of an e-mail 15 chain ending May 3, 2017, with the subject "Feedback on 16 whitepaper materials." It has the Bates stamp beginning 17 COINFUND11441.</p> <p>18 A Uh-huh.</p> <p>19 Q Tell me when you're ready.</p> <p>20 A Let me just take a read through, if you don't 21 mind.</p> <p>22 Q Sure.</p> <p>23 A (Perusing.) Please continue.</p> <p>24 Q Sure. What is this document?</p> <p>25 A This appears to be an e-mail between Hayeon Kim</p>	<p>1 THE WITNESS: It appears I did. I generally 2 would say that, you know, when you're writing a -- when 3 you're authoring like any kind of material, you 4 probably do want to consider an audience.</p> <p>5 MR. MITCHELL: And when you write, do you try to 6 do that?</p> <p>7 THE WITNESS: I would say I generally try to do 8 that.</p> <p>9 BY MR. LEASURE:</p> <p>10 Q And so maybe just going further through the 11 document. Under the third bullet point, you write, "Overall 12 suggestions for improving the outline."</p> <p>13 Do you see that?</p> <p>14 A Uh-huh.</p> <p>15 Q Then you write in a subbullet, "Establish a 16 target audience. My suggestion here would be to go after 17 cryptoinvestors, as that is the core market."</p> <p>18 Was that your view at the time?</p> <p>19 A It appears that was my recommendation at the 20 time.</p> <p>21 Q Do you recall Kik ever disagreeing with you or 22 stating that that was not the core market?</p> <p>23 A I don't think I received, you know, a detailed 24 response from Kik beyond what's here, and I don't believe 25 that their response made reference to this point.</p>
Page 127	Page 129
<p>1 and myself about some feedback on the materials that they 2 shared with me, which seems to be a whitepaper roadmap. I 3 don't have the attachments here materialized, so it's hard 4 to know exactly which document they are referring to.</p> <p>5 Q Okay. Let me point you to what appears to be 6 your general feedback on May 3. You write, on the second 7 bullet point, "My general comments with respect to the 8 whitepaper outline."</p> <p>9 Do you see that?</p> <p>10 A Uh-huh.</p> <p>11 Q Your second bullet point is, "It needs a clear 12 audience. On one hand, it's explaining decentralization to 13 cryptoinvestors (superfluous). On the other hand, it's 14 explaining the tech stack to mainstreamers (over their 15 heads)."</p> <p>16 Were these the audiences that you had in mind for 17 the whitepaper?</p> <p>18 A No. I would say that this piece of feedback 19 demonstrates that the paper was written in a very general 20 manner. It anticipated that not everybody that was reading 21 it was a cryptoinvestor, and, at the same time, anticipating 22 that potentially cryptoinvestors could be the ones reading 23 it.</p> <p>24 MR. MITCHELL: Did you tell Ms. Clift and Ms. Kim 25 that it needed a clear audience?</p>	<p>1 Q So, no, they never disagreed with you --</p> <p>2 A I believe no.</p> <p>3 MR. LEASURE: Let's go off the record.</p> <p>4 THE VIDEOGRAPHER: We are now off the record at 5 12:23 p.m.</p> <p>6 (Luncheon recess taken at 12:23 p.m.)</p> <p>7</p> <p>8</p> <p>9</p> <p>10 A F T E R N O O N S E S S I O N</p> <p>11 THE VIDEOGRAPHER: This is tape four of the 12 deposition of Jake Brukhman. We are now on the record 13 at 1:17 p.m.</p> <p>14 MR. MITCHELL: Mr. Brukhman, during the lunch 15 break, did you have any substantive conversations with 16 the SEC staff about this case?</p> <p>17 THE WITNESS: I did not.</p> <p>18 MR. MITCHELL: I'm just going to start with a 19 couple of sort of clean-up things.</p> <p>20 A couple of times during the morning, you 21 mentioned the word "mind share."</p> <p>22 What does that mean?</p> <p>23 THE WITNESS: It's just referring to the general 24 familiarity of people with blockchain technology.</p> <p>25 MR. MITCHELL: So I think, at some points, you</p>

<p style="text-align: center;">Page 130</p> <p>1 said like blockchain became a bigger part of the mind 2 share.</p> <p>3 THE WITNESS: Yes. Just meaning that more people 4 in the world have heard of cryptocurrencies and 5 blockchain technologies.</p> <p>6 MR. MITCHELL: Okay. Great. I'm going to give 7 you back what was previously marked as Exhibit 54.</p> <p>8 THE WITNESS: Thank you.</p> <p>9 MR. MITCHELL: Can I -- so, again, Exhibit 54, 10 this is an e-mail you sent to Mr. Heinke, Ms. Kim and 11 Ms. Clift in April of 2017?</p> <p>12 THE WITNESS: Ms. Clift, yes, with a T, indeed.</p> <p>13 MR. MITCHELL: Yes. There's an e-mail on the CC 14 line that says coreteam@coinfund.io.</p> <p>15 THE WITNESS: That's correct.</p> <p>16 MR. MITCHELL: What is that e-mail address?</p> <p>17 THE WITNESS: It's just a Google group containing 18 the members of the CoinFund team.</p> <p>19 MR. MITCHELL: In April 2017, who would have been 20 the CoinFund team?</p> <p>21 THE WITNESS: To the best of my recollection, it 22 probably would have been -- that probably would have 23 been myself, Alex Bulkin, Alex Felix, and I believe 24 Oleg Golubov.</p> <p>25 MR. MITCHELL: Great. I'm going to have you flip</p>	<p style="text-align: center;">Page 132</p> <p>1 at the time?</p> <p>2 THE WITNESS: I believe so.</p> <p>3 MR. MITCHELL: And did you talk about that issue 4 after this point with Kik at all?</p> <p>5 THE WITNESS: I don't recall any specific 6 discussion of this particular point.</p> <p>7 MR. MITCHELL: Do you remember any conversations 8 with them about, hey, who should we expect the category 9 of 5K to 50K to be?</p> <p>10 THE WITNESS: I don't recall a discussion of that 11 particular point.</p> <p>12 MR. MITCHELL: And then on the -- if you could 13 turn to the next page that ends with the Bates number 14 870.</p> <p>15 Do you see the first black section that says, 16 "Also interested in understanding the elasticity of 17 investor interest as other factors such as vesting come 18 into play. Some concern over the 'pump and dump' 19 investors versus more longer term," and then it 20 continues on.</p> <p>21 THE WITNESS: I do see that section.</p> <p>22 MR. MITCHELL: And then, so -- and that's a 23 question that Kik is asking?</p> <p>24 THE WITNESS: If you allow me to review the 25 paragraph, I will let you know my opinion. (Perusing.)</p>
<p style="text-align: center;">Page 131</p> <p>1 to the page that starts -- that has a Bates number at 2 the bottom that ends in 869. And then the middle of 3 the page, you see it says "Crypto Survey" -- "Survey 4 Feedback"?</p> <p>5 THE WITNESS: Uh-huh.</p> <p>6 MR. MITCHELL: Is the section under that, are the 7 black sections, are those questions that Kik asked?</p> <p>8 THE WITNESS: Let me examine the document. I 9 believe they are.</p> <p>10 MR. MITCHELL: And what's the blue section?</p> <p>11 THE WITNESS: The responses that we provided.</p> <p>12 MR. MITCHELL: So I take you to the second black 13 section. So was that -- was that question, "Do you 14 guys have any insight into the investor groups that 15 make up the category of 5K to 50K?"</p> <p>16 THE WITNESS: That is what is written in the 17 black section, yes.</p> <p>18 MR. MITCHELL: And then was your answer that, 19 "This category is reserved for serious cryptoinvestors 20 globally as well as small VC funds and family offices 21 that are pushing into the space"?</p> <p>22 THE WITNESS: That appears to be my response, 23 yes.</p> <p>24 MR. MITCHELL: And was that -- when you sent that 25 response, was that your -- sort of your understanding</p>	<p style="text-align: center;">Page 133</p> <p>1 It doesn't appear to be in the form of a 2 question.</p> <p>3 MR. MITCHELL: Okay. Is the blue section below 4 that, is that part that you wrote to Kik?</p> <p>5 THE WITNESS: Sure.</p> <p>6 MR. MITCHELL: So was part of your answer to 7 Kik -- well, was part of your e-mail -- part of your 8 communication to Kik that speculative investors are a 9 fact of life in unregulated cryptomarkets, and can have 10 both positive, e.g., added liquidity, and negative, 11 e.g., price shock impacts on markets?</p> <p>12 THE WITNESS: That is my response, yes.</p> <p>13 MR. MITCHELL: And was that true at the time?</p> <p>14 THE WITNESS: I mean, this was my interpretation 15 of the way that I saw the market. Whether I could 16 factually verify that, in fact, the market consisted of 17 speculative investors, I would say I can't verify that, 18 but -- but that was my impression of the market.</p> <p>19 MR. MITCHELL: At the time?</p> <p>20 THE WITNESS: At the time.</p> <p>21 MR. MITCHELL: And that's what you told Kik?</p> <p>22 THE WITNESS: Correct.</p> <p>23 MR. MITCHELL: And then the next sentence, do you 24 see where it says, "One of our goals is to advise you 25 on structure and product in such a way as to minimize</p>

<p style="text-align: center;">Page 134</p> <p>1 adverse effects of speculators and amplify positive 2 effects of users?"</p> <p>3 Do you see where I read that?</p> <p>4 THE WITNESS: Yes.</p> <p>5 MR. MITCHELL: Was that one of your goals?</p> <p>6 THE WITNESS: Well, one of our goals in helping 7 to formulate the product is to understand the economics 8 of this decentralized system and the cryptocurrency 9 upon which it runs. You know, and this sentence 10 describes that goal.</p> <p>11 MR. MITCHELL: So part what you just described is 12 working out a structure and a product in such a way as 13 to minimize the adverse effects of speculators and 14 amplify positive effects of users?</p> <p>15 THE WITNESS: Our desire as, you know, as a 16 system designer is, of course, to have positive effects 17 of users as it mentioned in the sentence.</p> <p>18 And, you know, we are forced to think about these 19 issues in the course of designing these kinds of 20 technological systems.</p> <p>21 MR. MITCHELL: And is one of the positive things 22 that can happen in that kind of system that the system 23 has liquidity?</p> <p>24 THE WITNESS: I wouldn't say that liquidity is a 25 necessary requirement for every such system. There are</p>	<p style="text-align: center;">Page 136</p> <p>1 and I apologize if I -- if I interrupted you.</p> <p>2 MR. MITCHELL: The question was, sitting here 3 today, do you remember what positive effects you were 4 referring to?</p> <p>5 THE WITNESS: I think -- I think the positive 6 effects are -- is the idea of users kind of using the 7 cryptocurrency in the way that it's intend to be used. 8 In other words, as a currency for purchasing, you know, 9 products or media or -- or services within the context 10 of the economy.</p> <p>11 MR. MITCHELL: Okay. And you remember that's 12 what you meant when you wrote that here?</p> <p>13 THE WITNESS: I would think that that's what I 14 meant.</p> <p>15 MR. MITCHELL: Sitting here today, do you 16 remember that's what you meant or are you just reading 17 it?</p> <p>18 THE WITNESS: I'm interpret -- you know, it's 19 hard to go -- this was a long time ago. This is 20 probably close to a year ago, if not over a year ago. 21 It's hard to remember exactly what I was intending 22 mentally at the time, but sitting here now and trying 23 to convey to you what I think I was intending, that 24 would be what I was intending -- this is what I think I 25 was intending.</p>
<p style="text-align: center;">Page 135</p> <p>1 examples of blockchain systems where you have assets 2 that are not liquid.</p> <p>3 MR. MITCHELL: Okay. Is liquidity a positive -- 4 is liquidity one of the positive effects that you can 5 have on a system, though?</p> <p>6 THE WITNESS: I don't believe that that's what 7 the sentence is alluding to. I think the sentence is 8 more likely alluding to the fact that users are using 9 this cryptocurrency to transact in the economy of the 10 Kin ecosystem.</p> <p>11 MR. MITCHELL: So do you think the author of that 12 was alluding to that or that's what the author was 13 saying?</p> <p>14 THE WITNESS: I'm sorry. Can you repeat the 15 question from the beginning?</p> <p>16 MR. MITCHELL: Is that what you are saying here?</p> <p>17 THE WITNESS: What is that in your question?</p> <p>18 MR. MITCHELL: Do you know who wrote this?</p> <p>19 THE WITNESS: I believe I wrote this.</p> <p>20 MR. MITCHELL: So when you wrote that one of your 21 goals was to minimize adverse effects of speculators 22 and amplify positive effects of users, what was the 23 positive -- sitting here today, do you remember what 24 positive effects you were talking about?</p> <p>25 THE WITNESS: There are ways of technologically,</p>	<p style="text-align: center;">Page 137</p> <p>1 MR. MITCHELL: But do you remember it?</p> <p>2 THE WITNESS: I mean, in general, I can't say 3 that I specifically remember that that's what I was 4 intending.</p> <p>5 MR. MITCHELL: Okay. But at least for this 6 thing, when I asked this question, you have a 7 general -- let me start over.</p> <p>8 You're using the word "specific."</p> <p>9 Do you have some general memory of what you meant 10 when you said this?</p> <p>11 THE WITNESS: The fact of the matter is these are 12 technological systems that you can design in a way that 13 makes them, you know, more attractive to a speculator 14 or more attractive to a user. There are various 15 systems that have created incentives that, you know, 16 one way or the other, I can give examples, if you like.</p> <p>17 What I think our intention here in the sentence 18 is to help design a technological system that has the 19 latter property versus the former property, or where 20 the former property is the so-called adverse effects of 21 speculators. In other words, people who hold the 22 currency try to make money, try to speculate on its 23 price versus actual users who are using the currency in 24 the way that is intended to be used as a medium of 25 exchange inside of this ecosystem, and that's what I</p>

<p style="text-align: center;">Page 138</p> <p>1 was intending.</p> <p>2 MR. MITCHELL: Okay. So then a quick aside.</p> <p>3 Does CoinFund own coins or tokens or these things and</p> <p>4 hold them in the hopes that they will go up in value?</p> <p>5 THE WITNESS: There are certainly investments</p> <p>6 that we have made that are in the form of digital</p> <p>7 currency that we believe will appreciate in the long</p> <p>8 term and that we hold as an investment.</p> <p>9 MR. MITCHELL: So are you a speculator on those?</p> <p>10 THE WITNESS: I would say we, as an investor,</p> <p>11 have a much longer-term view on investments than what</p> <p>12 you would typically think a speculator would have.</p> <p>13 MR. MITCHELL: So speculative investors, when you</p> <p>14 wrote "speculative investors" on this page, that's only</p> <p>15 some small set of investors?</p> <p>16 THE WITNESS: I can't speak to the number of</p> <p>17 investors in the market who are speculators or not.</p> <p>18 MR. MITCHELL: But when you -- but when you wrote</p> <p>19 "speculative inspectors," you don't mean all investors</p> <p>20 are speculators there?</p> <p>21 THE WITNESS: No. I mean specifically investors</p> <p>22 who don't have kind of long-term investments to hold</p> <p>23 the cryptocurrency and maybe want to, you know, quickly</p> <p>24 transact in it to make a quick profit.</p> <p>25 MR. MITCHELL: Some there might be -- some</p>	<p style="text-align: center;">Page 140</p> <p>1 you thought, was that either minimize the adverse</p> <p>2 effects of speculators or amplify the positive effects</p> <p>3 of users?</p> <p>4 THE WITNESS: Well, if you look at the</p> <p>5 whitepaper, you know, for example, Kik provides</p> <p>6 perspective use cases in the whitepaper about how the</p> <p>7 cryptocurrency could be used in their application.</p> <p>8 As a third-party observer, I might say, well,</p> <p>9 this is a reason why users would use this</p> <p>10 cryptocurrency in a way that was nonspeculative, in a</p> <p>11 way to transact in the economy.</p> <p>12 MR. MITCHELL: Anything else?</p> <p>13 THE WITNESS: That's the example that comes to</p> <p>14 mind.</p> <p>15 MR. MITCHELL: Any other examples come to mind?</p> <p>16 THE WITNESS: No.</p> <p>17 MR. MURTHA: Did you draft the use cases in the</p> <p>18 whitepaper?</p> <p>19 THE WITNESS: I did not.</p> <p>20 BY MR. LEASURE:</p> <p>21 Q Who did?</p> <p>22 A I don't know, but -- I don't know would drafted</p> <p>23 them.</p> <p>24 Q Speaking of the whitepaper, I will present it to</p> <p>25 you.</p>
<p style="text-align: center;">Page 139</p> <p>1 investors would be speculators and some investors would</p> <p>2 be investors, but not speculators?</p> <p>3 THE WITNESS: I would say so, from my point of</p> <p>4 view.</p> <p>5 MR. MITCHELL: So did you help Kik structure --</p> <p>6 did you advise Kik on structuring product in such a way</p> <p>7 as to minimize the adverse effect of speculators and</p> <p>8 amplify the positive effects of users?</p> <p>9 THE WITNESS: I don't believe we did.</p> <p>10 MR. MITCHELL: Why not?</p> <p>11 THE WITNESS: It just never really came up.</p> <p>12 MR. MITCHELL: So are you aware of any way that</p> <p>13 Kik tried to minimize the adverse effects of</p> <p>14 speculators?</p> <p>15 THE WITNESS: I am not.</p> <p>16 MR. MITCHELL: Are you aware of any way that Kik</p> <p>17 tried to amplify the positive effects of users?</p> <p>18 THE WITNESS: Not specifically.</p> <p>19 MR. MITCHELL: Generally?</p> <p>20 THE WITNESS: I mean, I could have an opinion on</p> <p>21 that as an observer, but I don't know if, you know, if</p> <p>22 Kik was intending a particular feature to perform this</p> <p>23 function.</p> <p>24 MR. MITCHELL: Did you see Kik add some feature</p> <p>25 or take out some feature that -- such that the effect,</p>	<p style="text-align: center;">Page 141</p> <p>1 Can I take that document back?</p> <p>2 A (Handing.)</p> <p>3 Q I'm handing you a document previously marked</p> <p>4 Exhibit 2.</p> <p>5 Take a look at Exhibit 2. As always, for these</p> <p>6 larger documents, I will be pointing you to specific pieces.</p> <p>7 Exhibit 2 is a multi-page document entitled "Kin,</p> <p>8 a Decentralized Ecosystem of Digital Services for Daily</p> <p>9 Life, Position Paper," dated May of 2017. It has the Bates</p> <p>10 stamp KIK1.</p> <p>11 Do you recognize this document?</p> <p>12 A I do.</p> <p>13 Q Is this the Kik whitepaper we were discussing?</p> <p>14 A It is.</p> <p>15 Q Okay. You and others at CoinFund helped prepare</p> <p>16 this document; is that right?</p> <p>17 A We did.</p> <p>18 Q Are there particular pieces or sections of this</p> <p>19 document that you focused on?</p> <p>20 A I wouldn't say I had a special focus.</p> <p>21 Q Okay. So it was throughout the document?</p> <p>22 A I provided editing throughout the document. I</p> <p>23 authored many paragraphs in the document.</p> <p>24 Q Great.</p> <p>25 Let me point you to a few pieces in here now. If</p>

<p style="text-align: center;">Page 142</p> <p>1 I can point you to page 5. That's under Bates stamp KIK5, 2 as it were.</p> <p>3 Under the section, Kik's vision, so right at the 4 beginning, there's the third paragraph begins with the 5 sentence, I will read. Tell me if you don't see where we 6 are.</p> <p>7 It says, "To foster an ecosystem that is not only 8 open and decentralized, but also more compelling than its 9 traditional counterpart, Kik must create a series of new 10 products, services and systems."</p> <p>11 Do you see where I am?</p> <p>12 A I do.</p> <p>13 Q Just a first question. Do you know what's meant 14 here by its traditional counterpart?</p> <p>15 A I think that that sentence is referring to the 16 difference between a decentralized application, which is 17 what the project is intending to build, and the traditional 18 application, which is centralized, which I suppose is the 19 Kik Messenger application.</p> <p>20 Q Got it. And the second part of that sentence is 21 that, "Kik must create a series of new products, services 22 and systems."</p> <p>23 What new products, services and systems is being 24 referred to there, to your knowledge?</p> <p>25 A I don't think that the project -- I don't think</p>	<p style="text-align: center;">Page 144</p> <p>1 projects, developing applications and integrating Kin into 2 those applications.</p> <p>3 Q And did Kik play a role or would Kik play a role 4 in those tasks?</p> <p>5 A Conceivably, Kik would be one of the applications 6 on this decentralized platform.</p> <p>7 Q Okay. In terms of the Rewards Engine, who would 8 build the Rewards Engine?</p> <p>9 A I think it was the intention of Kik to build the 10 Rewards Engine.</p> <p>11 Q Okay. In terms of building the technological 12 backbone, the decentralized blockchain underlying the 13 project, who does that?</p> <p>14 A Well, I think Kik.</p> <p>15 Q Okay. That's fine.</p> <p>16 MR. MITCHELL: What about recruiting the 17 developers you just discussed, what was the intention 18 at the time of the whitepaper? Who -- what was the 19 intention of who would attract developers to join the 20 system?</p> <p>21 THE WITNESS: When you are talking about 22 decentralized systems, third-party developers are free 23 to develop on those systems as they see fit. So it's 24 not necessarily that Kik would have had to recruit 25 developers.</p>
<p style="text-align: center;">Page 143</p> <p>1 it creates a requirement of a particular kind of service or 2 system. I think the requirement is more along the lines 3 that, you know, it is a product that integrates the 4 cryptocurrency for use within that product, but I would say 5 that the product itself could be quite general.</p> <p>6 Q And so let me just talk about the work that Kik 7 had to do either then or -- before or after the sale to make 8 the ecosystem meet the vision, if that's okay.</p> <p>9 Are there specific tasks that Kik had to do to 10 obtain this vision?</p> <p>11 A I don't know that Kik had to do or was required 12 to do --</p> <p>13 Q Anything?</p> <p>14 A I guess it depends by what you mean by had to do 15 or required to do.</p> <p>16 Q Again, in order to obtain the vision outlined of 17 the Kik ecosystem, what needed to be done?</p> <p>18 A Well, again, from my perspective in the way that 19 I have personally envisioned the product, you know, I would 20 say that what would be -- what would be, quote/unquote, 21 required or what would be a good set of features to have for 22 more or less kind of complete, but maybe minimal product, 23 would be a decentralized cryptocurrency, a Kin Rewards 24 Engine and third parties which could be, you know, 25 individuals, it could be companies, it could be open-source</p>	<p style="text-align: center;">Page 145</p> <p>1 MR. MITCHELL: Right. But was there an intention 2 that Kik would try to recruit partners to join it?</p> <p>3 THE WITNESS: I mean, we can make reference to 4 sort of what's outlined in the whitepaper to that 5 effect. I haven't read this in about a year, so it's 6 hard for me to recall, but it probably touches upon 7 this issue in this document.</p> <p>8 MR. MITCHELL: Okay. But do you remember, like 9 was there an intention at the time of this document, 10 that Kik would recruit other developers and other 11 partners to the system?</p> <p>12 THE WITNESS: I don't remember if this document 13 specifically mentions that intention. I would think 14 that it could.</p> <p>15 MR. MITCHELL: I don't mean the document. I 16 mean, when you were working with Kik around the time of 17 this document, I'm just trying to put us generally in 18 the May time period, late spring, early summer 2017, 19 was there an intention at the time that Kik would try 20 to recruit developers or other partners to join this 21 project?</p> <p>22 THE WITNESS: There could have been. I don't 23 remember a specific conversation to that effect that I 24 participated in.</p> <p>25 BY MR. LEASURE:</p>

<p style="text-align: center;">Page 146</p> <p>1 Q We are still under Kik's vision. There's a 2 section also on KIK5 called a new digital currency. 3 I just want to read you the last paragraph. It 4 says, "But simply creating a digital currency is not enough 5 for a cryptocurrency to be viable. It must also be useful 6 and valuable. To establish a company around the new 7 currency, Kik must" -- "To establish an economy around the 8 new currency, Kick must help to establish Kin's fundamental 9 value."</p> <p>10 Reading that paragraph, what does it mean to you 11 that Kik must help to establish Kin's fundamental value?</p> <p>12 A This passage is not obviously being very, very 13 specific about what that means. You know, if I were 14 interpret it for myself as a blockchain researcher, I would 15 think that that means that the company would foster and 16 support development around applications that integrate Kin, 17 helping to build the digital economy that is intended here 18 in this whitepaper.</p> <p>19 MR. MITCHELL: Was one way that Kik would help 20 establish Kin's fundamental value by integrating Kin 21 into its chat app?</p> <p>22 THE WITNESS: I believe that's what the paper 23 mentions.</p> <p>24 MR. MITCHELL: Was that true when the paper 25 mentioned it?</p>	<p style="text-align: center;">Page 148</p> <p>1 would be a general audience. 2 Q Not cryptoinvestors? 3 A I think cryptoinvestors would be included under 4 the general audience of the document. 5 Q Okay. Was the Kik app, the Kik Messaging app 6 relevant, in your mind, to the overall package of the Kin 7 offering? 8 A I think so. 9 Q Was it relevant sort of who was using the 10 messenger app? 11 A Who -- can you specify what you mean? 12 Q I'm not trying to hide the ball. Let me point 13 you to page 9. There appears to be a discussion of the Kik 14 Messenger app. 15 Tell me if you see that. 16 A Page 9. 17 Q Yep. 18 A (Perusing.) Yep. 19 Q Do you see that there is discussion of the amount 20 of users of the Kik app and their age? 21 A I do. 22 Q Okay. Why was that included? 23 A I think this is included as an informational 24 section describing the product of Kik to date. 25 Q And it states there are over 15 million monthly</p>
<p style="text-align: center;">Page 147</p> <p>1 THE WITNESS: You're asking whether Kik had 2 integrated -- 3 MR. MITCHELL: No. I'm asking, at that time, was 4 that one of the ways that Kik would help to establish 5 Kin's fundamental value? 6 THE WITNESS: Well, I think the paper makes 7 reference to use cases for Kin inside of the Kik 8 application. Conceivably, that would fall under my 9 interpretation, which I just gave, of what it means for 10 Kik to establish Kin's fundamental value. 11 In other words, by being a venue where Kin is 12 integrated, I think Kik would be helping the economy. 13 The same thing would be true of any other application 14 that integrated Kin. 15 MR. MITCHELL: Thanks. 16 BY MR. LEASURE: 17 Q Do you think that potential purchasers of Kin 18 would be interested in the Kik Messenger application? 19 A It's hard for me to say, because I don't know who 20 you're referring to or what assumptions they're operating 21 under or what goals they're operating under. 22 Q I mean -- but we've already seen that you were 23 thinking about who the audience for this document might be, 24 correct? 25 A I mean, from my perspective, I think the audience</p>	<p style="text-align: center;">Page 149</p> <p>1 active users. 2 Do you see that? 3 A I do. 4 Q Do you know if that -- do you know if that user 5 base was increasing or decreasing at that time? 6 A To the best of my recollection, I don't have that 7 information. 8 Q Okay. I just -- do you know why this section 9 about the Kik Messenger app was included in this document? 10 A I don't want to speculate why, but it was 11 included, yes. 12 MR. MITCHELL: You don't want to speculate why. 13 Did you -- did the whitepaper include things that you 14 thought were sort of irrelevant to the Kin token? 15 MR. ROSHKA: Do you understand what he means by 16 benefit, beneficial? 17 MR. MITCHELL: I didn't use the word 18 "beneficial." 19 THE WITNESS: Can you repeat the question? 20 MR. MITCHELL: Did you include things in the 21 whitepaper that were irrelevant to the Kin token? 22 THE WITNESS: Can you describe what you mean by 23 "irrelevant"?</p> <p>24 MR. MITCHELL: Did not matter to. 25 THE WITNESS: I mean, it's hard to judge the</p>

<p style="text-align: center;">Page 150</p> <p>1 relationship between a piece of material and how that 2 would impact or what way it would impact the Kin token. 3 MR. MITCHELL: Did you include information in 4 here that you thought that readers would find 5 irrelevant to the Kin token? 6 THE WITNESS: Of the parts that I worked on, I 7 don't believe so. 8 MR. MITCHELL: So the parts that you worked on -- 9 sorry. I apologize if this is part of what you've 10 already talked about. 11 So this information here about the Kik app and 12 its number of users and the, you know, number of the 13 time that the users spend and how much they -- how many 14 messages they send, did you see a connection between 15 this and the Kin token? 16 THE WITNESS: Only in the sense that, you know, 17 you're describing sort of the company who is building 18 the project and, you know, this description of the 19 company establishes that it is a, you know, an 20 existing, established company with 150 employees, and 21 an existing product. 22 MR. MITCHELL: And are these statistics here a 23 description of their existing product? 24 THE WITNESS: I would say that the second 25 paragraph is a description of the demographics of the</p>	<p style="text-align: center;">Page 152</p> <p>1 THE WITNESS: I mean, I don't think it's unusual 2 to describe the company that is undertaking a project. 3 It happens all the time, especially in whitepapers. 4 MR. MITCHELL: Because people who view 5 whitepapers want to know that? 6 THE WITNESS: People want to know who is building 7 the project. As an investor, I wouldn't invest in a 8 project that is created by anonymous entities that I 9 didn't know who they were -- anonymous people who I 10 didn't know who they were. 11 MR. MITCHELL: And then the whitepaper, Kik said 12 it would incorporate the Kin token into this app 13 described here, right? 14 THE WITNESS: I'm not sure if Kik made that 15 promise, but they certainly alluded to possible use 16 cases where Kin would be integrated into the app 17 according to the whitepaper. 18 MR. MITCHELL: Let me just turn you back to Kik 19 00005, three lines up from the bottom. 20 THE WITNESS: Uh-huh. 21 MR. MITCHELL: Do you see where it says, "Kik 22 will build fundamental value for the new currency by 23 integrating Kin into its chat app?" 24 THE WITNESS: Yes. 25 MR. MITCHELL: Include, "Indeed, Kin will be</p>
<p style="text-align: center;">Page 151</p> <p>1 users on the Kik Messenger, and in that sense it is a 2 description of the existing product. 3 Is it a complete description of the product? No, 4 it is not. 5 MR. MITCHELL: And is that the same with the 6 third and fourth paragraphs? 7 THE WITNESS: The third paragraph, you know, 8 mentions that over a quarter of a billion messages are 9 sent on Kik every day. So this is a metric of usage on 10 the Kik Messenger app. So, as such, I believe it is a 11 description of the existing product. An average Kik 12 user, it says, spends 37 minutes and sent 55 messages 13 daily on the platform. So I would say those are 14 metrics about usage and, thus, a description of the 15 existing product. 16 MR. MITCHELL: Okay. And the same thing for the 17 fourth paragraph. 18 THE WITNESS: The fourth paragraph mentions, you 19 know, a bot platform is maintained by a Kik platform, 20 and the number of bots in a platform and, as such, is a 21 metric of usage on that product and, as such, is a 22 description of the product, yes. 23 MR. MITCHELL: And how did you see that 24 description of the product as being relevant to people 25 reading about the Kin token project?</p>	<p style="text-align: center;">Page 153</p> <p>1 Kik's primary transaction currency and Kik will be 2 first service to join the Kin ecosystem." 3 THE WITNESS: Yes. 4 MR. MITCHELL: Let me just ask my question again. 5 Did Kik say in the whitepaper that it would 6 integrate Kin into its chat app? 7 THE WITNESS: It appears now that we have found 8 this passage that, in the whitepaper, Kik stated an 9 intention to integrate Kin into its chat app. 10 MR. MITCHELL: Did folks from Kik have you put 11 this information that's on KIK00009 into the 12 whitepaper? 13 THE WITNESS: I do not believe that I personally 14 was directed by Kik to put this passage into the 15 whitepaper. 16 MR. MITCHELL: Okay. Let me mark what will be 17 Exhibit 63. 18 For the record, 63 is a single page document with 19 the Bates number COINFUND012600. 20 (SEC Exhibit No. 63 was marked for 21 identification.) 22 MR. MITCHELL: And it appears to be an e-mail 23 that ends with the last e-mail at the top of May 23, 24 2017. 25 Take how much time you want. My question is</p>

<p style="text-align: center;">Page 154</p> <p>1 going to be, what is this document?</p> <p>2 THE WITNESS: This is a document providing -- it 3 appears the e-mail is addressed to myself. So it 4 appears to be providing myself with, you know, usage 5 statistics of the Kik application.</p> <p>6 MR. MITCHELL: And what did you write back -- 7 sorry.</p> <p>8 Did Ms. Kim send you that information?</p> <p>9 THE WITNESS: It appears she did.</p> <p>10 MR. MITCHELL: And what did you write back?</p> <p>11 THE WITNESS: I said, "Excellent. Thanks. We 12 will incorporate."</p> <p>13 MR. MITCHELL: Okay. So going back to the 14 question, does this refresh your recollection about 15 whether Kik instructed you to include the information 16 in Exhibit 62 -- 63 in the whitepaper?</p> <p>17 THE WITNESS: I mean, this is an e-mail that is 18 providing metrics. To the extent that I have read this 19 e-mail, I do not see that it directs me to create a 20 section about Kik in the whitepaper, but it does give 21 me the precise metrics that I can use as data as I am 22 writing sections of the whitepaper.</p> <p>23 MR. MITCHELL: So did you include this data in 24 the whitepaper?</p> <p>25 THE WITNESS: I believe some of this data was</p>	<p style="text-align: center;">Page 156</p> <p>1 why Kik was engaging in this kind of project, right?</p> <p>2 So, you know, this is publicly available 3 information, where Ted talks about competition in this 4 particular space, competition with large technology 5 companies, how it's very difficult for a company, even of 6 the size of Kik, which is valued at a billion dollars, to 7 compete in an advertising business model.</p> <p>8 And this is precisely why the blockchain strategy 9 is interesting, because it creates a way that Kik could 10 monetize using an alternative business model compared with 11 their existing business model, which doesn't seem to be 12 viable.</p> <p>13 So if users were going down at the time, it would 14 appear that that would be consistent with Ted's 15 understanding of his business.</p> <p>16 Q In connection with the Kin offering, did Kik 17 disclose to the public its financial statements?</p> <p>18 A Not to my knowledge.</p> <p>19 Q Did they disclose its operating results?</p> <p>20 A Not to my knowledge.</p> <p>21 Q Did they disclose -- other than what we see on 22 page 9, are you aware of any disclosures Kik made as to its 23 monthly average users?</p> <p>24 A It's conceivable, you know, that I was on other 25 e-mails with such data, for example, as I mentioned before,</p>
<p style="text-align: center;">Page 155</p> <p>1 included. If we turn back to, I guess, page 5.</p> <p>2 MR. LEASURE: 9.</p> <p>3 THE WITNESS: I'm sorry, 9. I believe we see a 4 figure of 57 percent of Kik's active user base is 5 comprised of a certain demographic, and I believe we 6 see this metric mentioned in the e-mail.</p> <p>7 So I believe I did include at least some data in 8 the whitepaper that was provided to me.</p> <p>9 BY MR. LEASURE:</p> <p>10 Q Did Kik ever tell you whether one of these 11 metrics here, monthly average users -- monthly active users, 12 was going up or down during this time?</p> <p>13 A To the best of my recollection, I don't recall 14 whether they did.</p> <p>15 Q Had they done so, would you have wanted to 16 include that information?</p> <p>17 A I don't know what I would have done at that time.</p> <p>18 Q Let me be more specific. If monthly average 19 users were going down during this time, would you have 20 considered that as information to include in this section of 21 the whitepaper?</p> <p>22 A I mean, assuming that monthly active users were 23 going down at the time, this would not come as a total 24 surprise, given sort of the public statements that Ted 25 Livingston had made around the time of this project about</p>	<p style="text-align: center;">Page 157</p> <p>1 we received metrics on Kik points in the course of doing our 2 research study. Again, I don't remember specifically, like, 3 if there was.</p> <p>4 Q Yeah. No. And I'm asking, was there some -- we 5 have a whitepaper.</p> <p>6 Was there disclosure about trends in the Kik 7 Messaging app made to the general public? Not to you, but 8 to the general public?</p> <p>9 A Not that I recall seeing.</p> <p>10 Q Okay. Let me point you briefly --</p> <p>11 MR. MITCHELL: Should I take 63 back?</p> <p>12 MR. LEASURE: Yes, for good housekeeping, that 13 would be good. Thank you.</p> <p>14 THE WITNESS: (Handing.)</p> <p>15 BY MR. LEASURE:</p> <p>16 Q Let me point you briefly to page 8 of Exhibit 2. We're still on the whitepaper.</p> <p>18 There's a section called, "Implementation, 19 Ethereum and ERC20." The first sentence says, "Kin would be 20 implemented on the public Ethereum blockchain as an ERC20 21 token."</p> <p>22 Do you see that?</p> <p>23 A Yes, I do.</p> <p>24 Q I think we talked earlier today, correct me if 25 I'm wrong, about some issues with the throughput on</p>

<p style="text-align: right;">Page 158</p> <p>1 Ethereum; is that right?</p> <p>2 A That is correct. We did touch upon the 3 scalability of blockchains earlier in our conversation.</p> <p>4 Q Did you have, at the time of this whitepaper, 5 spring, early summer of 2017, did you have concerns about 6 scalability and Ethereum for the Kik/Kin project.</p> <p>7 A So I would say scalability is a concern for every 8 application in the blockchain space today, generally 9 speaking. And Kik is not an exception.</p> <p>10 Q Understood.</p> <p>11 I guess I'm asking you, did you think it was 12 possible, at this time, that Kin couldn't be implemented on 13 the Ethereum blockchain?</p> <p>14 A No. I thought it could be implemented.</p> <p>15 Q Is Kin being implemented on the Ethereum 16 blockchain now?</p> <p>17 A Yes.</p> <p>18 MR. MITCHELL: Is Kin being implemented solely on 19 the Ethereum blockchain?</p> <p>20 THE WITNESS: No.</p> <p>21 MR. MITCHELL: Tell us about that.</p> <p>22 THE WITNESS: I'm not privy to the exact 23 technological roadmap here, as this has been more of a 24 recent development, but my understanding is that Kin 25 will be dually implemented on Ethereum, as well as a</p>	<p style="text-align: right;">Page 160</p> <p>1 throughput requirement down the road, but the 2 scalability roadmap of Ethereum itself might support 3 that requirement.</p> <p>4 MR. MITCHELL: But none of that was said or sure 5 at the time that you were -- at the time of the Kin 6 token offer?</p> <p>7 THE WITNESS: It's hard for me to recall exactly 8 the discussions that we had on the scalability of 9 Ethereum at that time, but it's conceivable that we 10 would have covered these issues.</p> <p>11 BY MR. LEASURE:</p> <p>12 Q Let's talk about use cases. If I can point you 13 to page 12 of this document, at Kik 12. Right towards the 14 bottom, there's a section -- it looks like a section called 15 "Kik economy and prospective use cases."</p> <p>16 Do you see that?</p> <p>17 A Yes.</p> <p>18 Q All right. "Kik will introduce a number of 19 marketplace use cases that will prompt consumers and brands 20 to transact with Kin."</p> <p>21 I will tell you that the document that precedes 22 to give some example use cases, right?</p> <p>23 Let me just start with the section that I just 24 read, that Kik will introduce a number of marketplace use 25 cases.</p>
<p style="text-align: right;">Page 159</p> <p>1 private Stellar -- network based on Stellar.</p> <p>2 MR. MITCHELL: Why?</p> <p>3 THE WITNESS: One of the concerns is scalability 4 and Stellar will provide a greater degree of throughput 5 in, you know, it seems in the opinion of the Kik's 6 technology team than Ethereum.</p> <p>7 MR. MITCHELL: And would Ethereum allow 8 sufficient throughput to run the Kin ecosystem that's 9 described in the whitepaper?</p> <p>10 THE WITNESS: I mean, I don't know, because the 11 answer to that question depends on how many users adopt 12 Kin, and because we don't know how many users will 13 adopt Kin in the future, it's hard to say whether 14 Ethereum will support that level of adoption. So there 15 are different levels that Ethereum will support, and 16 surely there are levels that Ethereum will not, but I 17 don't know where we will land.</p> <p>18 MR. MITCHELL: Was there ever a point where you 19 got comfortable that the Kin ecosystem could just be 20 run on the Ethereum blockchain?</p> <p>21 THE WITNESS: I mean, I think projects building 22 on Ethereum, you know, anticipate scalability 23 improvements in the platform over time. And so, 24 whereas, projects might start out with a small 25 throughput requirement, they might have an increased</p>	<p style="text-align: right;">Page 161</p> <p>1 What can you tell me about that?</p> <p>2 A Can you be more specific?</p> <p>3 Q What was the plan for Kik to introduce a number 4 of marketplace use cases?</p> <p>5 A I mean, to the extent that -- that the use cases 6 are laid out here, I think this represents the sort of 7 directional thinking of what those use cases would be.</p> <p>8 Q And the idea is that Kik would find or recruit 9 companies or groups or bots that would then use Kin?</p> <p>10 A Third parties could certainly -- well, as is the 11 intention of the network, they could certainly come in and 12 try to be third-party developers on this platform.</p> <p>13 Q Right. But I don't want to linger on it, but the 14 language here says Kik will introduce these use cases. 15 Would you agree that that doesn't envision at 16 least -- go ahead.</p> <p>17 A Please finish.</p> <p>18 Q No. I was just going to say that doesn't 19 envision, as an initial matter, people coming to it, that 20 that envisions Kik introducing a number.</p> <p>21 A So I think there's a logical distinction between 22 kind of Kik creating use cases and also Kik enabling or 23 fostering like third-party development on the platform. I 24 think those are two different things?</p> <p>25 Q Correct. Okay.</p>

<p style="text-align: center;">Page 162</p> <p>1 A So what this -- what this sentence reads to me 2 like is that Kik would be working on use cases within their 3 product.</p> <p>4 Q Okay. And then let's -- I just want to point -- 5 there are several use cases in the subsequent pages, 6 starting on page 13. There are VIP groups. I think there's 7 a pizza bot, tipping brands.</p> <p>8 I hate to ask this basic question, where do these 9 use cases come from?</p> <p>10 A To my recollection, these use cases were -- were 11 provided by the Kik team.</p> <p>12 Q Okay. And these were hypothetical things that 13 might be able to be done in the future on Kin?</p> <p>14 A I think specifically on the Kik Messenger in 15 integrating Kin.</p> <p>16 Q Got it. These didn't exist at the time?</p> <p>17 A These are mockups. So these are prospective 18 directions that could be created in the future.</p> <p>19 Q And it wasn't clear -- for example, there's a 20 reference to a pizza bot.</p> <p>21 It wasn't clear whether there would be a pizza 22 bot or if the deal -- there's no way to know if it would be 23 pizza versus another fast food. It's just a mockup of what 24 could be done?</p> <p>25 A That is my understanding.</p>	<p style="text-align: center;">Page 164</p> <p>1 cases at the time the whitepaper came out?</p> <p>2 THE WITNESS: When you say "people" --</p> <p>3 MR. MITCHELL: People are like human beings out 4 in the world.</p> <p>5 THE WITNESS: So any random user in the world, 6 could they download the Kik app and can they -- could 7 they, on May 24, use these use cases? I don't believe 8 that they could.</p> <p>9 That does not mean that those use cases were not 10 implemented maybe privately, maybe in a beta you see.</p> <p>11 MR. MITCHELL: Ah.</p> <p>12 THE WITNESS: It's my understanding that those 13 use cases were not publicly available.</p> <p>14 MR. MITCHELL: Not publicly available.</p> <p>15 And you don't know whether or not Kik had 16 actually built them and just held them privately.</p> <p>17 THE WITNESS: I don't know whether they built 18 them at that time.</p> <p>19 MR. MITCHELL: Thank you.</p> <p>20 BY MR. LEASURE</p> <p>21 Q Last thing on this document. If I can point you 22 later on to page 23, KIK23.</p> <p>23 At the head of this page, there's a section, 24 "Token distribution event."</p> <p>25 And it says, "The Foundation will commence the</p>
<p style="text-align: center;">Page 163</p> <p>1 Q Okay. That's fine.</p> <p>2 MR. MITCHELL: Just so I understand. At the time 3 that the whitepaper was written, did any of these uses, 4 these use cases exist so the people could actually do 5 them?</p> <p>6 THE WITNESS: My inclination is to say no, but at 7 the end of the day, I was not monitoring the software 8 repositories of the Kik technology team to know exactly 9 what they had built and what they had not built at that 10 time.</p> <p>11 MR. MITCHELL: Sure. Let me give you a more 12 simple one, though.</p> <p>13 When did the whitepaper come out?</p> <p>14 THE WITNESS: May 24, I believe, or so.</p> <p>15 MR. MITCHELL: When were Kin tokens created?</p> <p>16 THE WITNESS: I don't know.</p> <p>17 MR. MITCHELL: Were they created in May?</p> <p>18 THE WITNESS: They could have been. I don't 19 know.</p> <p>20 MR. MITCHELL: Had they been distributed in May?</p> <p>21 THE WITNESS: I don't believe they were 22 distributed in May.</p> <p>23 MR. MITCHELL: Okay. So do you think that there 24 were people -- that people could actually use -- 25 actually do the things that are described in these use</p>	<p style="text-align: center;">Page 165</p> <p>1 token distribution event once Kik has completed the 2 technology upgrade to integrate with Kin and the 3 cryptocurrency can be used functionally within Kik."</p> <p>4 The Foundation there, is that the Kin Foundation?</p> <p>5 A I believe it is.</p> <p>6 Q Okay. And the token distribution event, we have 7 been referring to a sale of tokens to the public.</p> <p>8 Is that what that is?</p> <p>9 A I mean, I think token distribution event refers, 10 generally, to the distribution of, in this case, Kin tokens. 11 That may include the private sale. It may include all 12 possible events where tokens are distributed.</p> <p>13 Q When tokens were distributed, is the token 14 distribution event, right?</p> <p>15 A I would say so.</p> <p>16 Q After this document, there was a token 17 distribution event; is that right?</p> <p>18 A It's my understanding that there was a token 19 distribution event.</p> <p>20 Q Okay. And, at that time, could the 21 cryptocurrency be used functionally within Kik?</p> <p>22 A I don't know.</p> <p>23 Q You don't know either way?</p> <p>24 A I simply didn't -- I didn't look.</p> <p>25 Q Okay. Looking through this document, and I can</p>

<p style="text-align: center;">Page 166</p> <p>1 tell you I have searched through it and hit control F and 2 searched through it, I don't see references to the term 3 "profit" or how people could make money if they bought Kin. 4 Was that -- why is there no reference to that in 5 this whitepaper? 6 A Why do you think there should be a reference to 7 it? 8 Q Was there any consideration given to talking 9 about that? 10 A To the best of my recollection, no. 11 Q Were there instructions or consideration -- were 12 you ever told not to talk about concepts like profit, 13 investment, things like that in connection with the Kin 14 offering? 15 A I mean, I think we always tried to be careful and 16 always, you know, sought the advice of counsel in how we 17 should talk to -- to protect ourselves from liability, as is 18 proper. 19 I think we recommended to Kik, on multiple 20 occasions, to seek the advice of their counsel around how 21 they should communicate and be compliant and defer to their 22 counsel for that advice. 23 I don't remember -- I don't remember ever getting 24 instructions from the Kik team to not include certain 25 concepts or words specifically.</p>	<p style="text-align: center;">Page 168</p> <p>1 stamp COINFUND20094. It is from Alexander Bulkin (Google 2 docs), and the subject is "1, 2 background," and it goes on 3 from there. 4 Do you recognize this? 5 A I don't recognize this specific edit, but I do 6 recognize that this was one of the edits that, you know, 7 that I was probably a party to. 8 Q Are we seeing communications, I take it, on a 9 Google document? 10 A You are seeing a comment that I left on a 11 particular passage in a Google document. 12 Q And is the passage related to the whitepaper or 13 some other document? 14 A To be honest, it's hard to say without -- without 15 seeing what the document that is linked to this comment is. 16 Q And I'll represent to you, I think we asked for 17 that, and that might be what's reflected on the attachment. 18 I don't know if eyeballing that gives you any insight into 19 what's being commented on. 20 A Oh, okay. I see. 21 Q This was a part of the challenge we had with 22 CoinFund's counsel about trying to get access to documents 23 like Google documents. 24 A Okay. So you're representing that that this 25 comment was made on some portion of this document that you</p>
<p style="text-align: center;">Page 167</p> <p>1 Q Did you get instructions from anybody not to 2 include concepts like profit or Kin as an investment in the 3 whitepaper? 4 A There may have been e-mails where we discussed 5 that with third parties. There may have been discussion of 6 that with CoinTree, but I don't remember that being a point 7 of discussion with the Kik team. 8 Q Okay. CoinTree, any other third parties? 9 A Not that I can think of. 10 Q Tell me about those communications with CoinTree. 11 A I believe there's a communication where Uriel 12 Pelid said something to that effect, like we should be 13 careful about how we should talk about this publicly. 14 MR. ROSHKA: Can you spell Uriel? 15 THE WITNESS: U-R-I-E-L, P-E-L-I-D. 16 Q And what was your response to that? 17 A I don't recall. 18 Q Let me show you a document. I'm going to mark 19 this as Exhibit 64. 20 (SEC Exhibit No. 64 was marked for 21 identification.) 22 Q Take a look. Let me know when you're ready. I'm 23 going to identify it. I'm going to point you just to the 24 first page of Exhibit 64. 25 Exhibit 64 is a multi-page document with Bates</p>	<p style="text-align: center;">Page 169</p> <p>1 have included subsequently? 2 Q Yeah. 3 A On 19910? 4 Q I'm representing it came to us, the attachment is 5 somehow linked to the comment. 6 A Okay. Sure. What is your question? Would you 7 mind repeating it? 8 Q Sure. There appears to be a comment being 9 discussed on the first page -- sorry -- you were on the 10 right page and I misdirected you. Right there. 11 There appears to be a comment that says, "By 12 using Kin to drive an economy inside Kik, the value of Kin 13 cryptocurrency will rise. This will create an opportunity 14 to establish the Kin Rewards Engine." 15 And just looking at it in this form, is it right 16 that you responded to Alexander, "Not sure we want to make 17 assertions about rising price. Will review." 18 A It appears that I made that comment, yes. 19 Q That's fine. Again, I appreciate that this is 20 logically a little hard to see who wrote what. 21 Why did you make that comment? 22 A Simply because it's very hard to predict how 23 cryptocurrencies will behave. Cryptocurrencies are 24 very volatile. Why would we want to almost certify or guarantee that the price would go up when we don't really</p>

<p style="text-align: center;">Page 170</p> <p>1 know that?</p> <p>2 Q And this wasn't related to any concern about</p> <p>3 making representations in documents about Kin relating to</p> <p>4 profit motivations? There was no concern about that?</p> <p>5 A Not that I see here.</p> <p>6 Q And, generally, there was no concern about making</p> <p>7 representations about people expecting profits in connection</p> <p>8 with the Kin offering?</p> <p>9 A I mean, I can tell you that my concern with this</p> <p>10 particular comment was probably around the unpredictability</p> <p>11 of pricing rather than a concern about the latter.</p> <p>12 Q And then, more broadly, was the latter a concern</p> <p>13 that was in your head?</p> <p>14 A I don't believe so.</p> <p>15 Q Okay. I will take that back. I will also take</p> <p>16 the other exhibit back. Thank you.</p> <p>17 A (Handing.)</p> <p>18 Q Was there a technical whitepaper published?</p> <p>19 A There definitely are a number of technical</p> <p>20 documents that I recall. At the time -- at the time of this</p> <p>21 work, the main technical document that I remember working on</p> <p>22 was sort of a architectural and technological exploration of</p> <p>23 the Kin Rewards Engine.</p> <p>24 Q I think we have that, and we will turn to that.</p> <p>25 Was there -- other than the Rewards Engine</p>	<p style="text-align: center;">Page 172</p> <p>1 SAFT?</p> <p>2 A I don't believe I personally discussed with Kik</p> <p>3 the idea of doing a SAFT. It's conceivable that Kik would</p> <p>4 have asked us about SAFT, but I don't remember a specific</p> <p>5 instance of them doing that.</p> <p>6 Q When did you first become aware that there was a</p> <p>7 plan to do a SAFT in this transaction?</p> <p>8 A As we mentioned earlier in this interview, I</p> <p>9 believe that that happened in early June 2017.</p> <p>10 Q Early June. And what was the context for that?</p> <p>11 A I'm sorry. What was the context for?</p> <p>12 Q For you becoming aware in early June of the SAFT</p> <p>13 structure?</p> <p>14 A I believe I was -- I was alerted by my team</p> <p>15 members that Kik had decided to go with a SAFT.</p> <p>16 Q Did they tell you why?</p> <p>17 A I don't -- I'm not sure. They could have. I</p> <p>18 just -- I don't have a specific recollection of, you know,</p> <p>19 reasoning why.</p> <p>20 Q Do you know why Kik -- sitting here today, do you</p> <p>21 know why Kik elected to use the SAFT structure that it did?</p> <p>22 A I don't want to speculate why.</p> <p>23 Q Feel free to speculate. Just tell me you're</p> <p>24 speculating.</p> <p>25 MR. ROSHKA: Go ahead. He knows you're</p>
<p style="text-align: center;">Page 171</p> <p>1 document, was there a technical whitepaper ever published,</p> <p>2 anything like that?</p> <p>3 A You know, I personally was not involved if there</p> <p>4 was a technical whitepaper published. And so it's hard for</p> <p>5 me to say, with certainty, whether one was published.</p> <p>6 Q So around the time of the whitepaper, late May,</p> <p>7 June of 2017, was there a plan in place for what the</p> <p>8 structure of the Kin offering would look like?</p> <p>9 A Can you define what you mean by "structure"?</p> <p>10 Q Yeah. We talked about this earlier today when we</p> <p>11 were looking at diagrams, right? There was a diagram early</p> <p>12 on in February showing, you know, private, public and,</p> <p>13 ultimately, as we talked about, the Kin offering went into a</p> <p>14 SAFT structure followed by a token distribution event,</p> <p>15 correct?</p> <p>16 A I believe that's the case.</p> <p>17 Q Okay. And so I'm trying to figure out, by the</p> <p>18 time of this whitepaper, was that -- the outline of that</p> <p>19 plan in effect?</p> <p>20 A This would have been, you know, an internal</p> <p>21 matter of Kik and something that I personally had relatively</p> <p>22 little surface area with or touch points with. So it's hard</p> <p>23 for me to say what plan was in place or what was being</p> <p>24 executed upon at that time.</p> <p>25 Q Did you discuss with Kik the idea of doing a</p>	<p style="text-align: center;">Page 173</p> <p>1 speculating.</p> <p>2 A Okay. If you guys know that I'm speculating, I'm</p> <p>3 assuming that they would go to a SAFT on the advice of their</p> <p>4 counsel.</p> <p>5 Q Okay. You don't know of any business reason,</p> <p>6 let's leave aside counsel stuff and advice of their counsel,</p> <p>7 are you aware of any business reason that drove them to do</p> <p>8 that?</p> <p>9 A I'm not aware of any business reason.</p> <p>10 Q Let's talk about the marketing of the Kin token.</p> <p>11 What role, if any, did CoinFund play in marketing</p> <p>12 Kin?</p> <p>13 A Can you define marketing?</p> <p>14 Q Geez. We will break it out if you'd like.</p> <p>15 What role, if any, did CoinFund play in</p> <p>16 publicizing the Kin offering?</p> <p>17 A I mean, very little, I would say, if any. You</p> <p>18 know, as I mentioned before, you know, I answered questions</p> <p>19 about Kin in the Kin Foundation slack. I believe I mostly</p> <p>20 kept to sort of the technical aspects, which is like my</p> <p>21 area.</p> <p>22 You know, as I mentioned before, I may have had a</p> <p>23 tweet where I mentioned that I was working with Kin or</p> <p>24 CoinFund was working with Kin. I'm not sure.</p> <p>25 I authored a blog post, as I often do, with a</p>

<p style="text-align: center;">Page 174</p> <p>1 view on why I thought the Kin economy was an interesting 2 product. And I think that mainly sums up the activity that 3 would have been public emanating from myself regarding this 4 project.</p> <p>5 Q When was Kin first publicly announced?</p> <p>6 A I believe it was announced at the 2017 token 7 summit event which was on May, I think it was 24. It might 8 have been a few days before or after.</p> <p>9 Q That's okay. That's one of those -- that's a 10 knowable fact probably.</p> <p>11 A Yes.</p> <p>12 Q Around the time of the whitepaper we have been 13 discussing?</p> <p>14 A Well, the announcement of the whitepaper is the 15 announcement of Kin, is it not?</p> <p>16 Q No. I'm talking about the token summit.</p> <p>17 A Sorry. The token --</p> <p>18 Q Let's go back.</p> <p>19 A Okay.</p> <p>20 Q When was Kin first publicly announced?</p> <p>21 A I believe that it was publicly announced with the 22 whitepaper, right?</p> <p>23 Q Okay. And was there a token summit at which the 24 Kin was announced?</p> <p>25 A Yes.</p>	<p style="text-align: center;">Page 176</p> <p>1 A I have.</p> <p>2 Q Okay. Did CoinFund help identify or introduce 3 Kik to potential investors in Kin?</p> <p>4 A I don't believe so.</p> <p>5 Q Did CoinFund help with preparing Kik for any road 6 shows to meet with investors?</p> <p>7 A I mean, the extent of our -- our activity in this 8 sort of area would be along the lines of like research, 9 right? So maybe Kin -- sorry. Maybe the Kik team would 10 want to know, like, what is -- what are the constituents of 11 a particular market, and we could prospectively do that 12 research for them, but it was either our sort of core 13 activity or activity or business to specifically bring 14 investors to the Kin offering.</p> <p>15 Q I feel like this was touched on in some of the 16 analysis that we looked on earlier, the types of people or 17 purchasers that were out there in the space at the time.</p> <p>18 From where you sat, did you know what type of 19 purchasers Kin wanted to attract, particularly to the public 20 sale?</p> <p>21 A I have no data on that.</p> <p>22 Q And you never talked with them about that?</p> <p>23 A No.</p> <p>24 Q We have seen references in documents to there 25 being speculators versus users in this space.</p>
<p style="text-align: center;">Page 175</p> <p>1 Q Okay. Tell me about that.</p> <p>2 A Token summit was a blockchain conference held 3 here in New York. It's run by William Mougayar and Nick 4 Tomaino. And they, you know, as part of the conference, 5 they had a segment where Ted Livingston went up on stage for 6 a so-called fireside chat with William Mougayar. And, at 7 that point, he announced the Kin project.</p> <p>8 And I believe that was the point at which they 9 launched or at least the day when they launched the Kin 10 whitepaper.</p> <p>11 Q Okay. Do you know why it was launched at that 12 event?</p> <p>13 A Do I know why it was launched at that event? I 14 don't know why specifically it was that event versus some 15 other event.</p> <p>16 MR. MURTHA: Were you at the event?</p> <p>17 THE WITNESS: I was at the event.</p> <p>18 Q Did you help prepare Mr. Livingston for, what was 19 it, the fireside chat?</p> <p>20 A I didn't. I was a speaker at the conference, 21 which is why I was at the event.</p> <p>22 Q So did you meet with Mr. Livingston in advance of 23 the announcement?</p> <p>24 A I didn't.</p> <p>25 Q Have you ever met with Mr. Livingston?</p>	<p style="text-align: center;">Page 177</p> <p>1 Do you recall that?</p> <p>2 A Yes.</p> <p>3 Q Did Kik have a view as to who the types of 4 people, speculators versus users, that it wanted to attract?</p> <p>5 A In conversations that I have had with them, I 6 don't believe that I remember any -- any time when they made 7 a special mention of wanting to attract a particular kind of 8 users.</p> <p>9 Q So they never expressed a preference to you?</p> <p>10 A To the best of my recollection, they have not 11 expressed a preference to me on that particular matter.</p> <p>12 Q And either then or today, do you know either way 13 who was attracted to the Kin public sale?</p> <p>14 A I don't know who was attracted or participated in 15 the Kin public sale. I just don't have access to that 16 information.</p> <p>17 Q Do you know if Kik ever, in connection with 18 marketing the Kin token, ever made a push to find larger 19 investors?</p> <p>20 A I don't know.</p> <p>21 Q Do you know if they ever made an effort to find 22 the term we used this morning, so-called whale investors to 23 invest in Kin?</p> <p>24 A I'm not -- to the best of my recollection, I'm 25 not privy to such conversations, such discussions, nor did I</p>

<p style="text-align: center;">Page 178</p> <p>1 ever -- was I ever involved in such a transaction.</p> <p>2 Q Were you involved in discussions about setting up</p> <p>3 a referral program during the public sale?</p> <p>4 A It's a long time ago. It's conceivable that a</p> <p>5 referral program was discussed. As was the case with many</p> <p>6 such sales at the time, I have a hard time sort of</p> <p>7 remembering specifically whether it was discussed or what</p> <p>8 the substance of such a discussion would have been.</p> <p>9 Q That's fine. Was there a referral program in</p> <p>10 fact used for the Kin sale?</p> <p>11 A To the best of my recollection, I don't believe</p> <p>12 there was.</p> <p>13 Q Okay. Do you know why not?</p> <p>14 A I don't know why not.</p> <p>15 MR. LEASURE: Okay. Why don't we go off the</p> <p>16 record?</p> <p>17 THE VIDEOGRAPHER: We are now off the record at</p> <p>18 2:26 p.m.</p> <p>19 (Recess taken.)</p> <p>20 THE VIDEOGRAPHER: This is tape five of the</p> <p>21 deposition of Jake Brukhman. We are now on the record</p> <p>22 at 2:40 p.m.</p> <p>23 BY MR. LEASURE:</p> <p>24 Q After a brief break during which, Mr. Brukhman,</p> <p>25 did you have any substantive conversations about this</p>	<p style="text-align: center;">Page 180</p> <p>1 was there, Tanner was there and many of the kind of core</p> <p>2 team members of the project from the Kik side.</p> <p>3 From the CoinFund side, myself and Alex Bulkin</p> <p>4 attended this series of meetings.</p> <p>5 Q Anyone else outside of CoinFund and Kik people?</p> <p>6 A CoinTree.</p> <p>7 Q Anyone else?</p> <p>8 A Not to my recollection.</p> <p>9 Q What do you remember the outcome of those</p> <p>10 meetings in Tel Aviv being?</p> <p>11 A You know, the meetings were working toward a</p> <p>12 specification of the product. So the output would be like</p> <p>13 decisions about what, you know, what the product was, what</p> <p>14 the name of the product was. You know, thinking about --</p> <p>15 thinking through the technological architecture of the</p> <p>16 system, you know, what blockchain it would work on, things</p> <p>17 of that nature.</p> <p>18 Q Okay. Was there any discussion of what the MVP</p> <p>19 of the product would be?</p> <p>20 A I don't recall that there was.</p> <p>21 Q And then moving ahead from the Tel Aviv meeting,</p> <p>22 were there discussions, generally, before or after the</p> <p>23 whitepaper was issued about what MVP should be in place</p> <p>24 before the public sale started?</p> <p>25 A It's conceivable that there were. I don't</p>
<p style="text-align: center;">Page 179</p> <p>1 investigation with the SEC staff?</p> <p>2 A I did not.</p> <p>3 Q We see reference in the documents to a meeting</p> <p>4 and conference with Kik in Tel Aviv at some point.</p> <p>5 Did you attend that?</p> <p>6 A I attended a series of meetings in Tel Aviv with</p> <p>7 Kik Interactive, yes.</p> <p>8 Q What can you tell me about those meetings in Tel</p> <p>9 Aviv?</p> <p>10 A Those meetings were intended to, you know, bring</p> <p>11 the core team members together and advisors together, as</p> <p>12 well, and sort of proceed with the kind of design of the</p> <p>13 blockchain-based product that would then become the Kin</p> <p>14 ecosystem.</p> <p>15 Q And were there particular -- was there a</p> <p>16 particular focus or topic of discussion at those meetings?</p> <p>17 A There was a number of topics of discussion</p> <p>18 including, you know, what -- you know, the definition of the</p> <p>19 product, what is the product, the technology involved in the</p> <p>20 product, the naming of the cryptocurrency, which occurred</p> <p>21 during that time to Kin, you know, and so on and so forth.</p> <p>22 Q Okay. Who was there from the Kik side?</p> <p>23 A There were a number of individuals there from the</p> <p>24 Kik side. It's hard to recall every single person from the</p> <p>25 Kik side that there was, but certainly Ted was there, Peter</p>	<p style="text-align: center;">Page 181</p> <p>1 remember any specific conversation that I had on that topic</p> <p>2 beyond kind of the, you know, MVP suggestions that we went</p> <p>3 over today from my end.</p> <p>4 Q You didn't have any other views other than what</p> <p>5 we've already seen from your research work?</p> <p>6 A I don't believe I did.</p> <p>7 Q Okay. Was that something that, aside from you,</p> <p>8 that CoinFund generally was involved in thinking about the</p> <p>9 scope of what an MVP should be for this product?</p> <p>10 A I think we thought about the MVP on the request</p> <p>11 of the client to think through that in the additional</p> <p>12 research.</p> <p>13 Q And were there such requests from the client?</p> <p>14 A Well, as you saw, there was an additional</p> <p>15 research request that we fulfilled.</p> <p>16 Q I apologize. After that.</p> <p>17 A Oh. On the topic of MVP, I don't recall that we</p> <p>18 ever did any more work on that after that document.</p> <p>19 Q Do you know what MVP was, in fact, in place</p> <p>20 during the public token distribution event in September?</p> <p>21 A I don't know.</p> <p>22 Q Let me ask that in a better way.</p> <p>23 Do you ever hear that the definition of what</p> <p>24 should be in place for the MVP changed or evolved over time?</p> <p>25 A I don't believe I did.</p>

<p style="text-align: right;">Page 182</p> <p>1 Q Did you ever hear of discussions about stickers 2 and the ability for Kin token holders to access stickers? 3 A I believe that stickers were discussed as a 4 potential use case for integration of Kin into the Kik app. 5 The Kik app is a messaging app. It might use stickers and 6 one might use digital currency to purchase those stickers or 7 to sell those stickers.</p> <p>8 Q Just so we're defining terms, what is a sticker 9 in this context?</p> <p>10 A My understanding, and I'm not an expert on 11 stickers, unfortunately, but my understanding is that a 12 sticker is an image that you can attach to a text message in 13 the context of a text messaging app.</p> <p>14 Q And when you say it was a considered use case, 15 was that in connection with the use cases in the whitepaper 16 we're looking at -- we looked at or somewhere else?</p> <p>17 A I just seem to remember, you know, 18 non-specifically discussions of what use cases might be, and 19 I feel like someone, at some point, brought up the use case 20 of stickers.</p> <p>21 MR. MITCHELL: That was a use case that people 22 might be able to buy stickers with Kin tokens?</p> <p>23 THE WITNESS: Or sell stickers.</p> <p>24 MR. MITCHELL: Anything else about stickers other 25 than buying them with Kin tokens and selling them with</p>	<p style="text-align: right;">Page 184</p> <p>1 BY MR. LEASURE: 2 Q Okay. Just to be clear, I don't want to keep 3 repeating ourselves on these, but you don't know who bought 4 Kin in the public distribution of that.</p> <p>5 A I just simply don't have a KYC that's internal to 6 Kik. I would assume, and I just don't know who the 7 participants were.</p> <p>8 Q That's fine.</p> <p>9 And you also don't know why people bought Kin?</p> <p>10 A I can't speculate as to why people bought Kin.</p> <p>11 Q Okay. Was there ever any consideration done to 12 delaying the public sale until Kin was fully functional 13 within the Kik app? Does any of that ring a bell?</p> <p>14 A I don't believe it does.</p> <p>15 Q Okay. Give me just a moment.</p> <p>16 Do you know, at the time of the public sale, 17 which I'll represent to you was late September, do you know 18 if there was anything people could buy with Kin at that 19 time?</p> <p>20 A I don't know.</p> <p>21 Q You don't know either way, if they could or 22 couldn't?</p> <p>23 A I mean, if Kin was not distributed, then I don't 24 see how they would buy things with Kin because they wouldn't 25 have a Kin in their position.</p>
<p style="text-align: right;">Page 183</p> <p>1 Kin tokens?</p> <p>2 THE WITNESS: I don't think so.</p> <p>3 BY MR. LEASURE:</p> <p>4 Q Was the ability to buy or sell stickers with the 5 Kin tokens a part of any marketing efforts for Kin you saw?</p> <p>6 A Not that I'm aware of. Not that I saw.</p> <p>7 Q So did you ever see documents that told people 8 that you could get access to stickers as a holder of Kin?</p> <p>9 A I don't remember that.</p> <p>10 Q Do you know whether access to stickers were the 11 main reason that people bought Kin in the public token 12 distribution event?</p> <p>13 A I can't speculate as to why people would choose 14 to buy Kin. They probably have a thousand different reasons 15 why.</p> <p>16 MR. MITCHELL: Do you know anyone who bought 17 stickers because they wanted access -- sorry. Let me 18 strike that.</p> <p>19 Do you know anyone would bought Kin tokens 20 because they wanted access to digital stickers on the 21 Kik app?</p> <p>22 THE WITNESS: I don't know of any investor in Kin 23 other than Alex Felix. So I do not know. I'm not 24 aware of someone who bought stickers or who bought Kin 25 for the purpose of buying stickers.</p>	<p style="text-align: right;">Page 185</p> <p>1 Q No. Sorry.</p> <p>2 A After the distribution of Kin, whether there was 3 a feature in some application where you could use Kin to 4 purchase goods or services, I simply am not aware.</p> <p>5 Q And particularly in the Kik messaging app, you 6 don't know either way --</p> <p>7 A I just simply didn't look. I didn't look.</p> <p>8 Q Let me show you a document I'm marking as 9 Exhibit 65.</p> <p>10 (SEC Exhibit No. 65 was marked for 11 identification.)</p> <p>12 Q Exhibit 65 is a multi-page printout of an e-mail 13 chain ending May 1, 2017, with the subject "Questions on 14 governance."</p> <p>15 It has the Bates stamp COINFUND11319.</p> <p>16 A Uh-huh. (Perusing.)</p> <p>17 Q Tell me when you're ready.</p> <p>18 A (Perusing.)</p> <p>19 Q Okay. What is this document?</p> <p>20 A This seems to be a communication between the 21 CoinFund team and Tanner Philp of Kik, with Tanner asking to 22 connect with us over -- over some general questions that 23 they had.</p> <p>24 Q Okay. If I can point you to the second page, 25 Tanner writes, "Hey, guys. I hope the weekend is treating</p>

<p style="text-align: center;">Page 186</p> <p>1 you well. Derek, who is leading the efforts in setting up 2 the entity for the token economy, has a few questions 3 below."</p> <p>4 Simple question. Who is Derek?</p> <p>5 A I'm not sure. It would seem that Derek is not on 6 the e-mail chain here, and I can't seem to recall who that 7 is.</p> <p>8 Q That's fine.</p> <p>9 One of the questions is, "How does the initial 10 contribution typically look? Do the tokens go to Kik first 11 and then get sold or do they {sic} proceeds flow into the 12 new entity (foundation, trust or Corp.)"</p> <p>13 Let me pause there because there's a reference at 14 least to a foundation there.</p> <p>15 Was CoinFund involved in thinking about whether 16 there should be a foundation set up in connection with the 17 Kin offering?</p> <p>18 A Speaking for myself, I don't believe that I was 19 involved in such discussions. Foundations, in the context 20 of decentralized networks, are a common structure employed 21 by those networks. So I wouldn't be surprised if such a 22 conversation took place.</p> <p>23 Q Why are foundations common in decentralized 24 networks?</p> <p>25 A Because the view is that a decentralized network</p>	<p style="text-align: center;">Page 188</p> <p>1 Q You don't remember the call, it seems to me. 2 A I don't remember the call where this purportedly 3 would have been discussed.</p> <p>4 Q Was Kik targeting certain exchanges for the ICO? 5 A I don't have that information.</p> <p>6 Q You don't know either way? 7 A I don't know.</p> <p>8 Q And I think we touched on this before. Did 9 CoinFund help target any exchanges for the ICO? 10 A To the best of my recollection and speaking 11 specifically for myself, I never did that.</p> <p>12 Q Okay. I will take that back. Thank you. 13 A Of course. (Handing.)</p> <p>14 Q Let's talk about a concept we have covered a bit 15 previously, the Rewards Engine in connection with Kin. 16 What is the Rewards Engine?</p> <p>17 A The Rewards Engine, you know, in its concept, is 18 a decentralized system which is able to issue, in a fully 19 automated and decentralized way, tokens to participants in 20 the Kin ecosystem. Specifically, you know, these are third 21 parties that are creating applications on the platform and 22 integrating Kin and, therefore, are creating sort of use 23 cases for the cryptocurrency.</p> <p>24 The Kin Rewards Engine is technologically a smart 25 contract where such entities could, upon creating a kind of</p>
<p style="text-align: center;">Page 187</p> <p>1 is not owned by a central issuer party or company and, 2 therefore, a foundation is sort of an independent entity 3 that could act in the interest of that network without being 4 affiliated with a particular private, you know, interest or 5 company or -- or person.</p> <p>6 Q And was a foundation set up in connection with 7 the Kin offering?</p> <p>8 A I wouldn't know. I don't know what -- what 9 structures Kik ended up legally setting up.</p> <p>10 Q Okay. Let me point you to the middle of the 11 first page here. Tanner writes, "Do you guys have any time 12 before 4 p.m. today? A few additional things we were hoping 13 to touch on. And there are some bullets."</p> <p>14 I just want to point you to one bullet. "Number 15 of exchanges we are targeting for the ICO."</p> <p>16 What can you tell me about that topic, about 17 exchanges that we are targeting for the ICO?</p> <p>18 A Not much. I, unfortunately, I don't recall 19 whether this conversation actually took place that is being 20 referred to in the e-mail. And if it did take place, I, 21 unfortunately, don't recall what was covered on that -- on 22 that call, just because we're talking about over a year ago.</p> <p>23 Q Sure. Go ahead.</p> <p>24 A So I unfortunately, I don't have that much 25 information on this topic.</p>	<p style="text-align: center;">Page 189</p> <p>1 usage within the economy, usage might be measured in 2 transactions, where they can go and receive rewards in Kin 3 tokens for doing that.</p> <p>4 So it is an incentive mechanism for third parties 5 to build use cases digital economy use cases for Kin.</p> <p>6 Q From reading about it, it seems like a relatively 7 deceptively simple thing to set up that actually has a lot 8 of complexity baked into it. In other words, it seems 9 relatively simple to reward people just for sheer usage of 10 Kin, right?</p> <p>11 A I would disagree with that. My expert opinion 12 would be that it was actually deceptively difficult to 13 create a Kin Rewards Engine because, you know, you'd need a 14 mechanism that ensures the security of such a system, and 15 it's actually very hard to do in a decentralized context.</p> <p>16 Q Yeah. Couldn't people -- isn't there some risk 17 that people could cheat or otherwise --</p> <p>18 A There are many -- I'm sorry.</p> <p>19 Q No. You go ahead. Go ahead.</p> <p>20 A There are many -- I get excited about blockchain.</p> <p>21 Q Go for it.</p> <p>22 A There are many attack vectors that one could 23 conceive where a third party could try to attack the Kin 24 Rewards Engine and sort of unfairly reap rewards and stuff 25 like that.</p>

<p style="text-align: center;">Page 190</p> <p>1 So it's a very difficult technological problem to 2 ensure that that doesn't happen.</p> <p>3 Q Right. So, for example, I could set up a bot to 4 trade with myself and create fake usage activity, for 5 example?</p> <p>6 A The design of the engine would need to anticipate 7 probably that as one of the attack vectors and try to 8 prevent it.</p> <p>9 Q Okay. And so what Kik would be trying to do, 10 correct me if I'm getting this right {sic}, is design a 11 reward engine that identifies valuable, useful activity in 12 the Kin ecosystem and reward that?</p> <p>13 A You know, at a high level, you know, you can 14 characterize it that way. I think there's a lot of nuance 15 and complexity. We can get into it, if you like.</p> <p>16 But, generally speaking, there are attack vectors 17 for such systems. It's a difficult problem to prevent all 18 attack vectors.</p> <p>19 Q Got it.</p> <p>20 MR. MITCHELL: To have a Kin Rewards Engine, 21 someone would need to write that kind of smart -- write 22 a smart contract to implement?</p> <p>23 THE WITNESS: I think a Kin Rewards Engine could 24 be implemented many different ways. I wouldn't even 25 say that it is a single smart contract or many smart</p>	<p style="text-align: center;">Page 192</p> <p>1 MR. MITCHELL: Yeah.</p> <p>2 THE WITNESS: I would say that the specification 3 of the Kin Rewards Engine was owned probably by the 4 technology team of Kik, and then we provided sort of 5 feedback and expertise around -- around those plans.</p> <p>6 MR. MITCHELL: And by "we," you mean CoinFund?</p> <p>7 THE WITNESS: Yes.</p> <p>8 BY MR. LEASURE:</p> <p>9 Q In thinking about modeling -- well, let me back 10 up.</p> <p>11 You guys, you guys being CoinFund, thought about 12 how to model a working Rewards Engine that met the goals of 13 the Kin ecosystem, correct?</p> <p>14 A We did.</p> <p>15 Q Okay. And I take it, in thinking about that, you 16 have to understand who or at least model who the various 17 users and participants in the Kin ecosystem would be?</p> <p>18 A I don't know if that's a requirement of thinking 19 about such a system.</p> <p>20 Q Did you do that?</p> <p>21 A We may have. It's conceivable that we did.</p> <p>22 Q Okay. Would secondary trading and trading on 23 exchanges have any effect or importance for the Kin Rewards 24 Engine?</p> <p>25 A I mean, I think the Kin Rewards Engine, sort of a</p>
<p style="text-align: center;">Page 191</p> <p>1 contracts. It could be a combination of decentralized 2 smart contract or set of smart contracts, and 3 decentralized system that become decentralized over 4 time. There are many architectural configurations 5 about how it, you know -- in how it can work.</p> <p>6 And one of our sort of contributions to the 7 project was thinking through how that might be 8 technologically architect.</p> <p>9 MR. MITCHELL: And was that complete at the time 10 of the -- of the Kin token offering?</p> <p>11 THE WITNESS: No. I wouldn't say so.</p> <p>12 MR. MITCHELL: So, in order to have a Kin reward 13 engine, someone would have to sort of make those 14 decisions about architecture that you just described?</p> <p>15 THE WITNESS: In order to have a Kin Rewards 16 Engine, I suppose -- I suppose the company would need 17 an architecture plan, and then they would execute upon 18 that plan.</p> <p>19 MR. MITCHELL: Okay. So under your -- and then 20 someone would need to -- so -- let me back up.</p> <p>21 Who was -- what was your understanding of who was 22 going to do that work as of the time of the Kin token 23 offering?</p> <p>24 THE WITNESS: When you say "that work," you mean 25 specification of the Kin Rewards Engine?</p>	<p style="text-align: center;">Page 193</p> <p>1 standalone system, that would not be aware of a secondary 2 trading itself. So I would say no.</p> <p>3 Q So if people, in a hypothetical ecosystem that 4 has a Rewards Engine, if people were satisfied with 5 receiving Kin, in and of itself, there would be no need to 6 have a secondary trading mechanism?</p> <p>7 A It's hard to say what would satisfy future 8 hypothetical prospective users of Kin.</p> <p>9 Q Okay. Was there -- were there draft documents 10 modeling or discussing the Kin Rewards Engine that you were 11 involved in?</p> <p>12 A Yes.</p> <p>13 Q Okay. Tell me about those.</p> <p>14 A You know, at the time of us working with the 15 project around, I guess around the time of the -- it was 16 after like the Tel Aviv series of meetings, there was a 17 design document for the Kin Rewards Engine that we gave 18 feedback on, for sure.</p> <p>19 Q I see something, I'm about to show it to you so I 20 can reference it, called a request for comments on the --</p> <p>21 A Uh-huh.</p> <p>22 Q Is that what you are referring to?</p> <p>23 A I believe so, but I'd have to look at the 24 document to be sure.</p> <p>25 Q Sure.</p>

<p style="text-align: center;">Page 194</p> <p>1 I'm marking this as Exhibit 66. 2 (SEC Exhibit No. 66 was marked for 3 identification.) 4 Q Take a look at Exhibit 66, and let me know when 5 you're ready. 6 A (Perusing.) 7 Q Exhibit 66 -- 8 A Yep. 9 Q Let me identify it. Exhibit 66 is a one-page 10 e-mail with an attachment. It has the Bates stamp 11 COINFUND20083. The attachment begins with Bates stamp 12 COINFUND19730. It has the subject "Reward Engine RFC." 13 I will represent to you this uses -- again, we 14 had an issue with trying to get access to certain Google 15 documents. 16 My understanding, from CoinFund's production, is 17 that the attachment reflects at least one of the documents, 18 Google documents being linked in the e-mail. 19 A Okay. 20 Q Okay. What is this? 21 A This is a request for comment for paper which I 22 believe attempts to specify the Kin Rewards Engine. 23 Q Okay. So this is a draft document sort of 24 outlining how a Kin reward engine would work? 25 A To my understanding, that is what this document</p>	<p style="text-align: center;">Page 196</p> <p>1 archetypes of actors in the Kin economy; common users, 2 capitalists and digital service developers." 3 A Uh-huh. 4 Q First, do you know where this -- where these 5 archetypes and actors, who developed this section of the 6 document? 7 A I don't recall who wrote this section of the 8 document. I'm inclined to say that it wasn't me but I don't 9 know that for a fact. I just simply don't remember. 10 It is not uncommon, in analyzing sort of systems 11 that think about incentives, to list out the potential 12 participants of that system, as is being done, simply 13 because you want to understand, you know, what incentives 14 are important to every class of participant. 15 MR. MITCHELL: Was it true, at the time, that the 16 group of people working on the Kin Rewards Engine 17 focused mainly on the behavior incentives of these 18 three archetypes of actors? 19 THE WITNESS: Sorry. Can you repeat the 20 question? 21 MR. MITCHELL: Was it true, at the time of this 22 e-mail, that the team that was working on the Kin 23 Rewards Engine was focused mainly on the behavior and 24 incentives of these three archetypes of actors? 25 THE WITNESS: This is what the document purports</p>
<p style="text-align: center;">Page 195</p> <p>1 is, yes. 2 Q Okay. Was this document or version of this 3 document published, to your knowledge? 4 A To my knowledge, I don't know that it was or was 5 not. 6 Q Who worked on this document? 7 A My recollection is that this document was a 8 collaboration between the Kik team, CoinTree and also 9 ourselves in the capacity of giving feedback and comments on 10 this document. 11 Q Understood. 12 Did you have a sense of, within those groups, if 13 there was someone who was leading the charge on this 14 document? 15 A I did not have that sense. 16 Q Okay. It wasn't -- were you? 17 A I wouldn't characterize us as leading. I would 18 characterize us as giving feedback on the document. 19 Q Giving feedback, understood. 20 Let me point you to a few sections in here. 21 On page 2 of the document, that's 19732, there is 22 a section called "Who are the actors?" 23 A Yes. 24 Q And it says, "In defining the Rewards Engine, we 25 focused mainly on the behavior incentives to three</p>	<p style="text-align: center;">Page 197</p> <p>1 to have happened. And that sentence would be the 2 reference that I would use to answer that question. 3 And I don't have any other knowledge other than that 4 sentence to indicate that they were using or not -- 5 they were thinking or not thinking about other 6 participants. 7 MR. MITCHELL: What about you? What were you 8 focused on? 9 THE WITNESS: I was mainly focused on thinking 10 about the attack vectors. 11 MR. MITCHELL: And did the type of actors go into 12 that type of analysis? 13 THE WITNESS: I would say predominantly not. I 14 would say you would be thinking about a hacker and like 15 how a hacker might create transactions or attack the 16 smart contract in order to effectuate the release of 17 rewards for himself. 18 BY MR. LEASURE: 19 Q So you suspect, but don't know, I just want to 20 make sure I'm understanding you, you suspect, but don't 21 know, that you weren't the primary person thinking about 22 modeling, you know, the archetypes of different categories 23 of actors in this system? 24 A I was certainly not the primary person, to my 25 recollection, to think through that particular issue, but I</p>

<p style="text-align: center;">Page 198</p> <p>1 was a reviewer of the document.</p> <p>2 Q That's fine. Okay. Let me read you the one on</p> <p>3 capitalists. It's still on page 2. "Capitalists are</p> <p>4 individuals with significant holdings in Kin for investment</p> <p>5 purposes rather than spending purposes. Their main interest</p> <p>6 is for Kin to increase in value. Token sale participants,</p> <p>7 for example, are likely to be considered members of this</p> <p>8 group," and it goes on from there.</p> <p>9 I take it you don't recall you, yourself, writing</p> <p>10 that?</p> <p>11 A I don't believe I wrote that.</p> <p>12 Q Okay. Do you have any reason to think that this</p> <p>13 is inaccurate?</p> <p>14 A It's really -- again, it's really hard to</p> <p>15 speculate about the behavior of individual token sale</p> <p>16 participants or why they might buy Kin or what they might</p> <p>17 expect the price of Kin to be.</p> <p>18 Q You don't know either way?</p> <p>19 A It's evident that this is -- this was a thought,</p> <p>20 but I do not know that the token sale participants actually</p> <p>21 thought this way.</p> <p>22 Q Again, I just want to know what you think and you</p> <p>23 know.</p> <p>24 Do you know either way whether token sale</p> <p>25 participants thought this way?</p>	<p style="text-align: center;">Page 200</p> <p>1 this document to analyze or speculate, for that matter,</p> <p>2 about the behavior of so-called capitalists or speculators.</p> <p>3 Q Is it right that you don't know either way</p> <p>4 whether this is an accurate prediction of who would be --</p> <p>5 whether capitalists would be in abundance at the launch of</p> <p>6 Kin or not?</p> <p>7 A I have no information about the constituency of</p> <p>8 the token sale participants. And so I wouldn't know whether</p> <p>9 we could even characterize those as capitalists or any other</p> <p>10 label.</p> <p>11 Q That's fine.</p> <p>12 I'll tell you, on page 9, the document starts to</p> <p>13 talk about attempts to game the Rewards Engine.</p> <p>14 Do you see where I'm pointing?</p> <p>15 A Uh-huh.</p> <p>16 Q Was that more of your focus in terms of the</p> <p>17 thinking about the Rewards Engine?</p> <p>18 A Indeed.</p> <p>19 Q Let me show you another document. You can keep</p> <p>20 that in front of you because I want to ask you about a</p> <p>21 change to this document.</p> <p>22 MR. LEASURE: I am marking Exhibit 67.</p> <p>23 (SEC Exhibit No. 67 was marked for</p> <p>24 identification.)</p> <p>25 Q Take a look. This will look similar, but it has</p>
<p style="text-align: center;">Page 199</p> <p>1 A I do not know whether token sale participants</p> <p>2 thought as is described in this sentence.</p> <p>3 Q Okay. Let me point you -- again, this is also on</p> <p>4 capitalists, to page 7, under the section model analysis.</p> <p>5 It's on Bates stamp 19737. And there's a balance between</p> <p>6 capitalists and common users.</p> <p>7 Do you see where I am?</p> <p>8 A Yes.</p> <p>9 Q "Could the ecosystem reach a steady state in</p> <p>10 which all Kin is held by capitalists or all is held by</p> <p>11 regular users?"</p> <p>12 And then it reads, "At Kin's launch, capitalists</p> <p>13 are in abundance. Therefore, getting to a state of absence</p> <p>14 of capitalists could only be the result of speculators</p> <p>15 selling their Kin as they expect long-term inflation," and</p> <p>16 it goes on from there.</p> <p>17 Again, I'm just going to ask you generally, did</p> <p>18 you write this section of the document?</p> <p>19 A I don't believe I did.</p> <p>20 Q And this wasn't -- I'm taking it from your prior</p> <p>21 answers, this issue, what people's interest were at the</p> <p>22 start of the launch of Kin, that wasn't a focus of your</p> <p>23 review of the Rewards Engine; is that accurate?</p> <p>24 A I don't believe I'm the author of this. I</p> <p>25 probably reviewed it, but it is not -- it wasn't my focus in</p>	<p style="text-align: center;">Page 201</p> <p>1 some differences I want to point you to.</p> <p>2 Exhibit 67 is a multi-page document entitled "Kin</p> <p>3 Rewards Engine RFC," with a Bates stamp COINFUND8210.</p> <p>4 It has a date of June of 2017 on it. I'll</p> <p>5 represent for you guys that, in the metadata that comes with</p> <p>6 documents when we get it, this -- it states this was created</p> <p>7 on June 11. So that would be, math is hard, five days after</p> <p>8 Exhibit 66? I'm just representing to you what the</p> <p>9 metadata --</p> <p>10 A This is Exhibit 66, and you're saying this was</p> <p>11 five days before -- please continue.</p> <p>12 Q You nailed it. And let me just state it again.</p> <p>13 Exhibit 66, according to my understanding of the</p> <p>14 metadata, is five days before what we see in Exhibit 67.</p> <p>15 A Very well.</p> <p>16 Q Representing to you what appears to be a later</p> <p>17 draft.</p> <p>18 A Okay.</p> <p>19 Q Do you recognize Exhibit 67?</p> <p>20 A It appears to be a later draft of the Kin Rewards</p> <p>21 Engine RFC.</p> <p>22 Q Okay. The only reason -- the main reason I'm</p> <p>23 showing this to you is to point you to the third page of</p> <p>24 Exhibit 67, which is Bates stamped 8213.</p> <p>25 This now says, under the section capitalists, if</p>

<p style="text-align: center;">Page 202</p> <p>1 I can point you there. This says, "Capitalists are 2 individuals with significant holdings in Kin used for 3 investment purposes rather than spending purposes. They 4 constitute a minority of participants in the ecosystem," and 5 it goes on from there.</p> <p>6 As I compare that language to the language in 7 Exhibit 66, which stated that token sale participants, for 8 example, are likely to be considered members of this group, 9 in Exhibit 67 it now states that capitalists are a minority 10 of participants in the ecosystem.</p> <p>11 That's a long winded way of asking a simple 12 question. Do you know why this language changed?</p> <p>13 A I do not.</p> <p>14 Q Do you have any basis to support either view of 15 capitalists as reflected in these documents?</p> <p>16 A You know, I -- I like to operate on data. If 17 there's an assertion that the majority of a set participant 18 behave a certain way, I like to see evidence of that.</p> <p>19 I do not have data on the behavior of token sale 20 participants in Kin and, therefore, it's really hard for me 21 to answer the question.</p> <p>22 And I can't -- I can't speculate as to -- as to 23 why or how or what attitude, hypothetically, these 24 participants would have toward Kin.</p> <p>25 So I view these statements as a speculation, as a</p>	<p style="text-align: center;">Page 204</p> <p>1 A I am not.</p> <p>2 Q There was no subsequent survey or market analysis 3 that you're aware of?</p> <p>4 A Not that we provided other than what you have, 5 and I don't believe that we provided more than what we've 6 already discussed today.</p> <p>7 MR. MITCHELL: Are you aware of any data or facts 8 or anything that Kik had access to, to support just the 9 factual contention that capitalists constitute a 10 minority of participants in the ecosystem?</p> <p>11 THE WITNESS: I mean, as we saw earlier today, we 12 had a survey with 223 participants that could inform 13 that educated guess. Whether that survey was correct, 14 whether it actually surveyed random people or 15 cryptoenthusiasts or cryptoinvestors or institutional 16 investors, we don't know.</p> <p>17 How Kik would have used that data to inform this 18 particular set of documents, I'm just simply not aware 19 of.</p> <p>20 MR. MITCHELL: Are you aware of any -- sorry.</p> <p>21 Did your survey support the contention that 22 capitalists constitute a minority of participants in 23 the ecosystem?</p> <p>24 THE WITNESS: I'm not sure. I'd have to look at 25 the survey results, which I don't have in front of me,</p>
<p style="text-align: center;">Page 203</p> <p>1 speculative statement, as an educated guess about how the 2 system would behave, but I don't see that it is based on 3 data. I think this is a guess.</p> <p>4 Q Fair enough.</p> <p>5 I appreciate you prefer to rely on data, I assume 6 particularly with a mathematics and technical background, 7 correct?</p> <p>8 A I would say so.</p> <p>9 Q Good.</p> <p>10 Are you aware of any data that came in from 11 June 6 to June 11, 2017 that would support a change to this 12 document?</p> <p>13 A To my recollection, I am not aware of the reasons 14 why these views or guesses were changed, and I don't have 15 knowledge of any additional data that came in during that 16 time that would make them change it.</p> <p>17 I just simply was not involved with this document 18 to a large degree.</p> <p>19 Q That's fine. That's fine.</p> <p>20 And in terms of data, other than the data that we 21 see that CoinFund prepared early in its engagement, right?</p> <p>22 A Uh-huh.</p> <p>23 Q A survey and analysis of that data, are you aware 24 of other data that Kik had access to that would provide Kik 25 information with the motivations of Kin purchasers?</p>	<p style="text-align: center;">Page 205</p> <p>1 but even if the survey results purported to show, you 2 know, results that supported this conclusion, the 3 survey results themselves, I don't think are conclusive 4 based on a small sample size.</p> <p>5 MR. MITCHELL: Okay. Other than your survey, was 6 there any other data that you were aware of?</p> <p>7 THE WITNESS: Not that I'm aware of.</p> <p>8 MR. MITCHELL: And did anyone at Kik ask you 9 about this? Did anyone at Kik ask you or CoinFund, 10 hey, what percentage of participants do you predict 11 capitalists will be in the ecosystem?</p> <p>12 THE WITNESS: To my recollection, I was never 13 asked that.</p> <p>14 BY MR. LEASURE:</p> <p>15 Q I will represent to you that, to my 16 understanding, the Rewards Engine, RFC, wasn't ultimately 17 published until after the token distribution event.</p> <p>18 I saw a medium post in October of 2017, so I see 19 that stuff, but I don't know what happened.</p> <p>20 Do you have any context or insight you can give 21 me into why that RFC might have been delayed?</p> <p>22 A I don't know the internal, you know, logistical 23 reasons why. I could speculate why. I prefer not to 24 speculate why.</p> <p>25 MR. ROSHKA: You are not going to. No</p>

<p style="text-align: right;">Page 206</p> <p>1 speculation.</p> <p>2 Are you going to beg him to speculate again?</p> <p>3 MR. LEASURE: Not on this topic. I reserve the</p> <p>4 right to beg to speculate. Just not on this topic.</p> <p>5 BY MR. LEASURE:</p> <p>6 Q So I will take those documents back.</p> <p>7 A (Handing.)</p> <p>8 Q We saw in some of the earlier work that CoinFund</p> <p>9 prepared for Kik that there was at least a reference to</p> <p>10 compliance or regulatory concerns.</p> <p>11 Do you remember that?</p> <p>12 A Sure.</p> <p>13 Q And, again, I want to caution you not to tell me</p> <p>14 anything that counsel to CoinFund told you in connection</p> <p>15 with legal advice, but in advance of Kin offering, did Kik,</p> <p>16 from your perspective, consider whether the Kin tokens would</p> <p>17 be securities under US law?</p> <p>18 A It's conceivable that they did. You know, as you</p> <p>19 have seen in my informal intellectual analysis of the</p> <p>20 regulatory environment around blockchain, an industry which</p> <p>21 I study, we mentioned the SEC and issues of securities.</p> <p>22 We recommended to Kik to retain professional</p> <p>23 counsel to conclusively advise them on the strategy as it</p> <p>24 relates to regulatory compliance and we assumed that they</p> <p>25 did that and we deferred to their counsel to do that</p>	<p style="text-align: right;">Page 208</p> <p>1 Q Is it conceivable that you did?</p> <p>2 A It's conceivable that I did. This is a core</p> <p>3 issue of our industry.</p> <p>4 Q Sure. Right. And people were talking about this</p> <p>5 even in 2017, correct?</p> <p>6 A Of course.</p> <p>7 Q This was a big issue?</p> <p>8 A I think so.</p> <p>9 Q Okay. One thing that happened in 2017 is the SEC</p> <p>10 issued its so-called Dao report, D-A-O.</p> <p>11 Are you familiar with that?</p> <p>12 A I am familiar with it.</p> <p>13 Q In fact, I think I saw that CoinFund issued a</p> <p>14 client memo relating to that report, correct?</p> <p>15 A That's correct.</p> <p>16 Q And so that was an important development for the</p> <p>17 industry; is that accurate?</p> <p>18 A I would say that it represented a increase in</p> <p>19 sort of regulatory analysis of our -- of our industry.</p> <p>20 Q Okay. Now, turning now to Kik. How, if at all,</p> <p>21 did Kik respond to the Dao report, do you know?</p> <p>22 A I don't recall any specific conversation where</p> <p>23 they responded to it.</p> <p>24 Q Do you know if Kik reconsidered doing its Kin</p> <p>25 offering in response to the Dao report?</p>
<p style="text-align: right;">Page 207</p> <p>1 correctly.</p> <p>2 Q But -- okay. From what you saw, Kik did retain</p> <p>3 regulatory counsel?</p> <p>4 A Well, it's my understanding that Kik retained</p> <p>5 Cooley, yes.</p> <p>6 Q And remind me, did you ever meet with Cooley? I</p> <p>7 think you referenced one meeting with an individual named</p> <p>8 Marco Santori?</p> <p>9 A As we mentioned earlier today, Marco Santori was</p> <p>10 also our lawyer on a separate matter. We were definitely in</p> <p>11 conference calls with members of the Cooley team, including</p> <p>12 Marco.</p> <p>13 Q Did people at Kik ever share with you the</p> <p>14 legal -- any legal analysis that Cooley prepared for them in</p> <p>15 connection with the Kin offering?</p> <p>16 A Not to my recollection.</p> <p>17 MR. MITCHELL: Did you ever discuss these issues</p> <p>18 with anyone from Union Square Ventures?</p> <p>19 A Not to my recollection.</p> <p>20 Q Did you ever discuss with anyone outside of Kik</p> <p>21 what Kik's thinking was with regard to the securities laws</p> <p>22 issues in the Kin offering?</p> <p>23 A I don't believe I did. I mean, it's conceivable</p> <p>24 that --</p> <p>25 MR. ROSHKA: You answered the question.</p>	<p style="text-align: right;">Page 209</p> <p>1 A I don't know that.</p> <p>2 Q Okay. How about, did Kik restructure any aspect</p> <p>3 of the Kin offering in response to the Dao report?</p> <p>4 A If they did, I am not aware that they did.</p> <p>5 Q You weren't involved in discussions about that?</p> <p>6 A To the best of my recollection, I was not</p> <p>7 involved in discussions about that.</p> <p>8 Q Did you ever have discussions with Kik in which</p> <p>9 there was consideration of registering the offer and sale of</p> <p>10 the Kin offering with the SEC?</p> <p>11 A To the best of my recollection, I was not.</p> <p>12 Q Okay. How about within CoinFund, did the</p> <p>13 CoinFund team ever discuss that possibility?</p> <p>14 A I don't believe that we did.</p> <p>15 Q To your knowledge, did Kik ever discuss the</p> <p>16 potential Kin offering with regulators from other countries?</p> <p>17 A Sorry. Can you repeat the question?</p> <p>18 Q Absolutely.</p> <p>19 To your knowledge, did Kik ever discuss the</p> <p>20 potential Kin offering with regulators from other countries?</p> <p>21 A My understanding is that, during the course of</p> <p>22 the project, the Ontario Securities Commission made some</p> <p>23 statements around ICOs. I believe that, you know, it</p> <p>24 touched Kik, and I believe that Kik met with that commission</p> <p>25 and had a conversation with them about their offering.</p>

<p style="text-align: center;">Page 210</p> <p>1 I know that Kik subsequently blocked Canadian 2 investors from their offering and those are sort of the 3 facts that I know about.</p> <p>Q Did you hear about what happened in those meetings or discussions with the Ontario --</p> <p>6 A I am not privy to the content of the meetings.</p> <p>Q Did you hear if they went well or poorly for Kik?</p> <p>8 A I don't recall having that conversation.</p> <p>Q Were there any other countries in which Kik declined to offer Kin as a result of the discussions with regulators, to your knowledge?</p> <p>12 A To my knowledge, the OSC is the only regulator 13 that I am aware of that Kik spoke to. There may have been 14 more that I'm not aware of. I know during the course of the 15 sale, you know, China, I think, also had regulatory around 16 cryptocurrency.</p> <p>Q China also had regulatory issues?</p> <p>18 A Activity around cryptocurrencies, but I'm not 19 aware that Kik met with Chinese regulators.</p> <p>Q In your discussions with Kik, did anyone raise the possibility of, in a similar way to which they had dialogue with the OSC, having a dialogue with the US SEC?</p> <p>23 A I am not aware that they wanted to do that or 24 that they did that.</p> <p>Q Or considered doing that?</p>	<p style="text-align: center;">Page 212</p> <p>1 A I don't know the exact status.</p> <p>Q Do you know what you can do with Kin nowadays?</p> <p>3 A I'm not aware of what you can do with Kin 4 nowadays.</p> <p>Q Is CoinFund -- so I understand that CoinFund, in 2017, had some sort of advisory or research role with Kik and a handful of other companies; is that right?</p> <p>8 A We had a number of clients in 2017, yes.</p> <p>Q Is that type of work still ongoing at CoinFund?</p> <p>10 A I would say no. I would say that, with the 11 launch of our 2018 LP fund, we are generally -- we generally 12 take the role of an investor in equity or digital assets of 13 companies.</p> <p>14 MR. LEASURE: Let's go off the record.</p> <p>15 THE VIDEOGRAPHER: We are now off the record at 16 3:30 p.m.</p> <p>17 (Recess taken.)</p> <p>18 THE VIDEOGRAPHER: This is tape six in the 19 deposition of Jake Brukhman. We are now on the record 20 at 3:46 p.m.</p> <p>21 MR. MITCHELL: Mr. Brukhman, during the break, 22 did you have any substantive conversations about the 23 case with the SEC staff?</p> <p>24 THE WITNESS: I did not.</p> <p>25 MR. MITCHELL: Earlier today, you mentioned a</p>
<p style="text-align: center;">Page 211</p> <p>1 A I am just not aware whether they considered doing 2 that.</p> <p>Q That's fine.</p> <p>Does CoinFund still have an engagement or role with Kik?</p> <p>6 A I believe our engagement has, at this point, been 7 concluded. I don't remember the exact terms of like when 8 legally our engagement is officially concluded according to 9 the terms and conditions of our contract.</p> <p>10 I can tell you that we worked with Kik throughout 11 the course of the engagement. We worked with Kik and billed 12 Kik after the sale. We, on occasion, have, you know, 13 meetings with the Kik team as participants in our industry 14 and as colleagues.</p> <p>15 A few months ago, I was at a developer conference 16 for Kin, but we have not sort of billed Kik as a client in 17 some time at this point. So I would consider our engagement 18 probably completed at this time.</p> <p>Q I don't know if you are still tracking it or keeping tabs on it, what's the current status of Kin, to your knowledge?</p> <p>22 A I haven't checked the price of Kin, so I wouldn't 23 know.</p> <p>Q Do you know what the status is of building out the Kin ecosystem?</p>	<p style="text-align: center;">Page 213</p> <p>1 blog post that you remembered writing. I'm going to 2 give you what we just marked Exhibit 68. (SEC Exhibit No. 68 was marked for identification.)</p> <p>5 MR. MITCHELL: Can you just take a look at it and 6 tell me if you recognize this document?</p> <p>7 THE WITNESS: Yes, I do recognize the document. I'm just reading through it to refresh my memory, if 9 that's okay. (Perusing.)</p> <p>10 MR. MITCHELL: Do you recognize it?</p> <p>11 THE WITNESS: I do.</p> <p>12 MR. MITCHELL: What is it?</p> <p>13 THE WITNESS: This is a blog post that I authored 14 and was published on, I believe, the Kin Foundation 15 medium blog.</p> <p>16 MR. MITCHELL: Why did you write it?</p> <p>17 THE WITNESS: I often write blog posts, a number 18 of blog posts on our -- on our blog at CoinFund.</p> <p>19 I wrote this at the request of Kik to produce a 20 blog post for them partially, but partially I wrote it 21 because I felt that Kin was an exciting project and 22 wanted to analyze it in this way.</p> <p>23 MR. MITCHELL: And what kind of blog posts or 24 what did Kik ask for when it asked you for a blog post?</p> <p>25 THE WITNESS: They weren't specific. They just</p>

<p style="text-align: center;">Page 214</p> <p>1 said, you know, if you want to kind of publish on our 2 blog, you're welcome to do that.</p> <p>3 They didn't give me any specific, like, criteria 4 for what to write about. This is what I chose to write 5 about.</p> <p>6 MR. MITCHELL: And why did you choose to write 7 about this?</p> <p>8 THE WITNESS: I chose to write about this because 9 I honestly believed, at the time, and still believe 10 that companies like Kik, traditional consumer 11 technology companies taking on blockchain strategies 12 are an exciting prospective way for mainstream users to 13 adopt blockchain technology. I wanted to analyze it 14 from that perspective.</p> <p>15 MR. MITCHELL: And you wanted to communicate that 16 out -- that's what you were trying to communicate out 17 to readers?</p> <p>18 THE WITNESS: It's a view. It's an opinion. But 19 yes.</p> <p>20 MR. LEASURE: So I'm going to ask you to 21 literally understand what it means. If you turn to the 22 second page at the top, it says, "However, we are 23 observing that in the early stages of cryptocurrencies, 24 their volatility serves an interesting function."</p> <p>25 And then that paragraph has two parts. It sort</p>	<p style="text-align: center;">Page 216</p> <p>1 that -- while those kind of properties might be present 2 in the early stages of these systems, once users are 3 there, the systems transition to kind of much more 4 fundamentally valuable systems, where users are 5 actually using them for the purpose -- economic purpose 6 for which they're intended.</p> <p>7 MR. MITCHELL: Is that the part that begins 8 "second" in this paragraph, that, "Second, increased 9 liquidity eventually counteracts the volatility"?</p> <p>10 THE WITNESS: So I think that's a separate 11 observation that, you know, one of the -- one of the 12 reasons why a very volatile cryptocurrency asset might 13 cease to be volatile is just simply a large number of 14 users enter its, I guess, ecosystem or begin to use it 15 at large scale.</p> <p>16 MR. MITCHELL: Okay. And so am I right that what 17 you're saying is that volatility at first attracts 18 users to speculative returns, it helps build up a user 19 base, but then later that large user base sort of 20 actually can tap down the volatility because there are 21 so many users?</p> <p>22 THE WITNESS: That conceivably could be the case 23 with a cryptocurrency. I'm not saying here that it is 24 the case with any particular cryptocurrency, but this 25 is how I, you know, envisioned at the time of this</p>
<p style="text-align: center;">Page 215</p> <p>1 of says, "First it attracts users to speculative 2 returns and helps to build up aligned user bases which 3 assuage the chicken and egg problems of technology 4 products."</p> <p>5 What does that mean?</p> <p>6 THE WITNESS: You know, speaking in general, as 7 an observer of the blockchain space, you know, let me 8 break it down.</p> <p>9 So chicken and egg problem, right, refers to the 10 idea that technology company might build a product, but 11 how does it get users to use it, right? So there's a 12 certain concept known as network effect where the more 13 users are using a particular product, the more useful 14 it is, and if you don't have it, it's hard to aggregate 15 it.</p> <p>16 One of the really exciting applications of 17 cryptocurrencies is that they might help to build 18 network effects around products.</p> <p>19 And they do that by attracting users in various 20 ways through their properties. One of those properties 21 could be sense of ownership in the product. For 22 example, if your token gets governance rights over a 23 network, it's conceivable that some users might be 24 attracted to the returns of a cryptocurrency.</p> <p>25 But I think the point here is that while -- while</p>	<p style="text-align: center;">Page 217</p> <p>1 writing a conceivable process by which a cryptocurrency 2 might come to fruition.</p> <p>3 MR. MITCHELL: And you also wrote then that the 4 Kik's blockchain project, Kin, recognizes and embraces 5 those properties of pure cryptocurrencies; is that 6 right?</p> <p>7 THE WITNESS: That is what I wrote.</p> <p>8 MR. MITCHELL: Sorry. And was that correct when 9 you wrote it?</p> <p>10 THE WITNESS: It is correct that I thought that, 11 as a cryptocurrency, Kin was interesting, because it's 12 trying to build a digital economy.</p> <p>13 MR. MITCHELL: Okay. And down below you wrote, 14 "Moreover, Kik is the first traditional consumer 15 technology to venture into the cryptocurrency space and 16 to bring its mainstream audience with it."</p> <p>17 Did you think that was sort of important to the 18 Kin project that had been announced by that point?</p> <p>19 THE WITNESS: I would say so.</p> <p>20 MR. MITCHELL: Okay. Why?</p> <p>21 THE WITNESS: Because I think putting a 22 blockchain project in front of a large audience of 23 mainstream users is interesting because it probably 24 creates a higher likelihood that that product would be 25 adopted by that audience.</p>

<p style="text-align: center;">Page 218</p> <p>1 MR. MITCHELL: Thanks. 2 BY MR. LEASURE: 3 Q I think we touched on this earlier. I want to turn to any contacts you've had -- 5 MR. MITCHELL: Let me just take the document. 6 Q -- contacts that you've had this year with people who work at Kik. 8 A Uh-huh. 9 Q You had mentioned at a conference, a programming conference, you had met some people at; is that right? 11 A Yes. 12 Q Tell me about that, the contacts you had there. 13 A So simply that, you know, Kik was holding an 14 event in New York related to its, you know, developer 15 network effort. They invited Fred Wilson to speak at the 16 event, and they invited me to interview Fred Wilson. 17 Q Cool. And when you say developer member work -- sorry. What was the -- 19 A Developer network. 20 Q Network. Tell me about that conference and those efforts there. 22 A Often, when a technology company is building a 23 platform where third-party developers can build on that 24 platform, they will hold events to sort of get those 25 developers in one place, educate them and, you know, give</p>	<p style="text-align: center;">Page 220</p> <p>1 for people to -- to understand those kinds of 2 reasonings, to better understand products. 3 MR. MITCHELL: But why for this audience? 4 THE WITNESS: I mean, as an interviewer, that's 5 my job. It's my job to interview an investor about why 6 he does what he does. And Fred Wilson is an investor. 7 He invests in projects. And I asked him why he 8 invested. 9 MR. MITCHELL: The people in the audience, they 10 were other investors? 11 THE WITNESS: No. They were members of the Kik 12 team and, to my understanding, they were kind of the 13 developer community of -- around the Kin ecosystem. 14 MR. MITCHELL: They were developers around the 15 Kin ecosystem? 16 THE WITNESS: That's my understanding, yes. 17 BY MR. LEASURE: 18 Q Did you talk with -- at that conference, did you have occasion to talk to people other than Fred Wilson who were connected to or affiliated with Kik? 21 A Yes. 22 Q Who? 23 A I talked with Peter Heinke. 24 Q Tell me about that. 25 A It was very pleasant. You know, we hadn't seen</p>
<p style="text-align: center;">Page 219</p> <p>1 them information about -- about developing on that platform, 2 which is what Kik did. 3 Q And so this was trying to attract developers to the Kin network? 5 A You know, my scope in participating in the event 6 was an interview with Fred Wilson. So I was not there for 7 the entire time. I was there for sort of my interview time. 8 I'm not exactly sure what they were discussing at 9 the conference beyond the time that I participated in at the 10 conference. 11 MR. MITCHELL: What did you interview him about? 12 THE WITNESS: We had a general interview about 13 the state of the blockchain space and his outlook on, 14 you know, how blockchain products might be adopted and 15 some of their recent investments at Union Square 16 Ventures. 17 MR. MITCHELL: Did you talk about Kin tokens? 18 THE WITNESS: We did. 19 MR. MITCHELL: What did you talk about? 20 THE WITNESS: I believe I asked Fred, you know, 21 why he -- you know, why he backed this project or why 22 this project was interesting to him personally or, you 23 know, in the capacity of an investor at Union Square. 24 MR. MITCHELL: Why did you ask that? 25 THE WITNESS: I think -- I think it's interesting</p>	<p style="text-align: center;">Page 221</p> <p>1 each other for a few months in person. Said hellos. Rather 2 informal conversation. 3 Q Did you talk about Kin, how Kin was going? 4 A Not particularly. 5 Q Anyone else at that conference you talked to? 6 A There were a few staff members, I don't even know 7 their names, who were helping out with the event that I 8 interacted with on like -- on logistics and things like 9 that. 10 MR. MURTHA: Did you talk to Mr. Heinke about the 11 SEC's investigation? 12 THE WITNESS: I did not. 13 Q Outside of that conference in this year, have you talked to people from Kik? 15 A Yeah. I believe I talked to Mr. Heinke on at 16 least one occasion by phone. I believe -- I believe our 17 team talked to Tanner this year on at least one occasion. 18 Q Tell me about the Tanner conversation. 19 A I can't really recall the details. 20 Q Was it about Kin? 21 A I can't really remember. 22 Q Have you had discussions or contacts with people from Kik about the SEC's investigation? 24 A I don't believe so. 25 Q Did they ever reach out to you in connection with</p>

<p style="text-align: right;">Page 222</p> <p>1 the SEC investigation?</p> <p>2 A I think the extent to which we, you know,</p> <p>3 communicated is our engagement agreement provides that --</p> <p>4 that we were required to let them know if there was a, sort</p> <p>5 of an investigation of some kind or regulatory activity.</p> <p>6 You know, we did that through our counsel and through their</p> <p>7 counsel.</p> <p>8 Q Not directly through you?</p> <p>9 A Not directly, uh-huh.</p> <p>10 Q Did they give you any feedback or response to</p> <p>11 that?</p> <p>12 A That would be a question for our counsel.</p> <p>13 Q You never heard anything?</p> <p>14 A I'm not aware exactly what happened.</p> <p>15 Q Did anyone from Kik or Kik's counsel tell you how</p> <p>16 to respond to SEC subpoenas?</p> <p>17 A From Kik's counsel?</p> <p>18 Q Correct.</p> <p>19 A Absolutely not.</p> <p>20 Q Did anyone from Kik or did Kik's counsel tell you</p> <p>21 how to testify here today?</p> <p>22 A No.</p> <p>23 Q Did you meet with your counsel in preparation for</p> <p>24 today's testimony?</p> <p>25 A I did.</p>	<p style="text-align: right;">Page 224</p> <p>1 help refresh your recollection about events in 2017?</p> <p>2 A Some of the documents that we viewed helped to</p> <p>3 refresh my recollection, yes.</p> <p>4 Q Okay.</p> <p>5 MR. MITCHELL: Can I ask the about developer</p> <p>6 conference? Did Kik run that conference?</p> <p>7 THE WITNESS: It is my understanding that they</p> <p>8 did.</p> <p>9 MR. MITCHELL: How many developers were in the</p> <p>10 audience?</p> <p>11 THE WITNESS: I don't know.</p> <p>12 MR. MITCHELL: How many people were in the</p> <p>13 audience when you were on the stage?</p> <p>14 THE WITNESS: I didn't count them.</p> <p>15 MR. MITCHELL: Okay. Roughly how many people?</p> <p>16 THE WITNESS: It's hard to say. I don't have any</p> <p>17 particular talent for estimating numbers of people in a</p> <p>18 crowd.</p> <p>19 MR. MURTHA: Where did it take place?</p> <p>20 THE WITNESS: It took place in a space in</p> <p>21 Manhattan.</p> <p>22 MR. MURTHA: In what space?</p> <p>23 THE WITNESS: I don't recall the name of the</p> <p>24 space.</p> <p>25 MR. MITCHELL: Was it videotaped?</p>
<p style="text-align: right;">Page 223</p> <p>1 Q Roughly how long?</p> <p>2 A Probably about nine hours.</p> <p>3 Q Nine hours. Did you review documents in advance</p> <p>4 of that -- I'm sorry.</p> <p>5 Did you review documents while you met with your</p> <p>6 counsel?</p> <p>7 A We viewed documents.</p> <p>8 Q Roughly how many?</p> <p>9 A I'm not sure if that falls under attorney/client</p> <p>10 privilege.</p> <p>11 MR. ROSHKA: If you recall the number of</p> <p>12 documents that you looked at when you met with us.</p> <p>13 A I don't recall the exact number of documents.</p> <p>14 Q Can you give me a scope, 2, 200,000, somewhere in</p> <p>15 between?</p> <p>16 A It's definitely not 200,000.</p> <p>17 Q I'm glad it wasn't 200,000. So are we in tens of</p> <p>18 documents?</p> <p>19 A I would say it would be under -- I would say it</p> <p>20 would be around probably order of ten documents.</p> <p>21 Q Great.</p> <p>22 A lot of the events I asked you about today dealt</p> <p>23 with events a year ago, right, in 2017?</p> <p>24 A Yes.</p> <p>25 Q In reviewing documents with counsel, did they</p>	<p style="text-align: right;">Page 225</p> <p>1 THE WITNESS: I don't know. I don't recall.</p> <p>2 BY MR. LEASURE:</p> <p>3 Q We have no further questions for you at this</p> <p>4 time. Should we have additional questions for you, we will</p> <p>5 reach out to your counsel.</p> <p>6 Mr. Brukhman, is there anything you want to add</p> <p>7 or clarify to the testimony you've given today?</p> <p>8 A I think -- I think that's fine.</p> <p>9 MR. LEASURE: Counsel, do you have any additional</p> <p>10 clarifying questions?</p> <p>11 MR. ROSHKA: No, thank you very much.</p> <p>12 MR. LEASURE: All right. We are off the record.</p> <p>13 THE VIDEOGRAPHER: Okay. This concludes today's</p> <p>14 deposition of Jake Brukhman. We are now off the record</p> <p>15 at 4:04 p.m.</p> <p>16 (Whereupon, at 4:04 p.m., the examination was</p> <p>17 concluded.)</p> <p>18 *****</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

1 PROOFREADER'S CERTIFICATE

2

3 In the Matter of: KIK INTERACTIVE

4 Witness: Jake Brukhman

5 File Number: HO-13388-A

6 Date: Wednesday, July 11, 2018

7 Location: New York, New York

8

9 This is to certify that I, Christine Boyce, (the
10 undersigned) do hereby swear and affirm that the attached
11 proceedings before the U.S. Securities and Exchange
12 Commission were held according to the record, and that
13 this is the original, complete, true and accurate
14 transcript, which has been compared with the reporting or
15 recording accomplished at the hearing.

16

17

18

19 _____ (Proofreader's Name) _____ (Date)

20

21

22

23

24

25

26